

TRUST AGREEMENT

by and among

BNY WESTERN TRUST COMPANY
as Trustee,

CITY OF SAN DIEGO
as Lessee,

and
SAN DIEGO UNIFIED PORT DISTRICT
as Lessor

Dated as of January 1, 1998

RELATING TO THE \$ _____
CERTIFICATES OF PARTICIPATION
(SAN DIEGO CONVENTION CENTER EXPANSION)
SERIES 1998A

EVIDENCING PROPORTIONATE UNDIVIDED INTERESTS IN
THE CITY OF SAN DIEGO BASE RENTAL PAYMENTS

TABLE OF CONTENTS

	<u>Page</u>
PARTIES	1
 ARTICLE I DEFINITIONS; EQUAL SECURITY	
SECTION 1.01. Definitions	2
SECTION 1.02. Interpretation	14
SECTION 1.03. Equal Security	15
 ARTICLE II TERMS AND CONDITIONS OF CERTIFICATES	
SECTION 2.01. Preparation of Certificates	16
SECTION 2.02. Denomination, Medium and Dating of Certificates	16
SECTION 2.03. Payment Dates of Certificates; Interest	16
SECTION 2.04. Form of Certificates	17
SECTION 2.05. Execution of Certificates and Replacement Certificates	17
SECTION 2.06. Transfer and Payment of Certificates; Exchange of Certificates	17
SECTION 2.07. Book-Entry Certificates	18
SECTION 2.08. Certificate Registration Books	20
SECTION 2.09. Temporary Certificates	20
SECTION 2.10. Certificates Mutilated, Lost, Destroyed or Stolen	20
SECTION 2.11. Execution and Delivery of Additional Certificates	21
SECTION 2.12. Proceedings for Authorization of Additional Certificates	22
 ARTICLE III PROCEEDS OF CERTIFICATES	
SECTION 3.01. Delivery of Certificates	24
SECTION 3.02. Deposit of Proceeds of Certificates and Other Moneys	24
SECTION 3.03. [Reserved]	24
SECTION 3.04. Certificate Reserve Fund	24
SECTION 3.05. Cost of Issuance Fund	26
SECTION 3.06. Construction Fund	27
 ARTICLE IV PREPAYMENT OF CERTIFICATES	
SECTION 4.01. Terms of Prepayment	27
SECTION 4.02. Selection of Certificates for Prepayment	28
SECTION 4.03. Notice of Prepayment	28

	<u>Page</u>
SECTION 4.04. Partial Prepayment of Certificates	30
SECTION 4.05. Effect of Prepayment	31

ARTICLE V RENTAL PAYMENTS

SECTION 5.01. Pledge of Base Rental Payments and Additional Rental; Base Rental Payment Fund	31
SECTION 5.02. Deposit of Base Rental Payments	32
SECTION 5.03. Application of Insurance Proceeds and Condemnation Awards	33
SECTION 5.04. Title Insurance	34
SECTION 5.05. Investments	34

ARTICLE VI COVENANTS

SECTION 6.01. Compliance with Trust Agreement	35
SECTION 6.02. Compliance with Facility Lease	35
SECTION 6.03. Observance of Laws and Regulations	35
SECTION 6.04. Other Liens	35
SECTION 6.05. Prosecution and Defense of Suits	36
SECTION 6.06. Accounting Records and Statements	36
SECTION 6.07. Recordation and Filing	36
SECTION 6.08. Further Assurances	36
SECTION 6.09. Rebate Fund; Tax Covenants	36
SECTION 6.10. Continuing Disclosure	37

ARTICLE VII DEFAULT AND LIMITATIONS OF LIABILITY

SECTION 7.01. Events of Default	37
SECTION 7.02. Action on Default	38
SECTION 7.03. Other Remedies of the Trustee	38
SECTION 7.04. Non-Waiver	38
SECTION 7.05. Remedies Not Exclusive	39
SECTION 7.06. No Liability by the District or the City to the Owners	39
SECTION 7.07. No Liability by the City to the Owners	39
SECTION 7.08. No Liability by the Trustee to the Owners	39
SECTION 7.09. Application of Amounts After Default	39
SECTION 7.10. Trustee May Enforce Claims Without Possession of Certificates	40
SECTION 7.11. Limitation on Suits	40

ARTICLE VIII THE TRUSTEE

SECTION 8.01. Employment of the Trustee	41
SECTION 8.02. Duties, Removal and Resignation of the Trustee	41
SECTION 8.03. Compensation and Indemnification of the Trustee	42
SECTION 8.04. Protection of the Trustee	42

ARTICLE IX AMENDMENT OF OR SUPPLEMENT TO TRUST AGREEMENT

SECTION 9.01. Amendment or Supplement	44
SECTION 9.02. Disqualified Certificates	45
SECTION 9.03. Endorsement or Replacement of Certificates After Amendment or Supplement	46
SECTION 9.04. Amendment by Mutual Consent	46
SECTION 9.05. Opinion of Counsel	46

ARTICLE X DEFEASANCE

SECTION 10.01. Discharge of Certificates and Trust Agreement	46
SECTION 10.02. Unclaimed Moneys	48

ARTICLE XI MUNICIPAL BOND INSURANCE POLICY

SECTION 11.01. Payments from Municipal Bond Insurance Policy	48
SECTION 11.02. Consent of Insurer	50
SECTION 11.03. Exercise of Remedies Upon Default	51
SECTION 11.04. Limitation on Modification	51
SECTION 11.05. Notices	51
SECTION 11.06. Effect of Municipal Bond Insurance Policy	51
SECTION 11.07. Insurer as Third Party Beneficiary	51
SECTION 11.08. Consent of Insurer in the Event of Insolvency	52

ARTICLE XII MISCELLANEOUS

SECTION 12.01. Benefits of Trust Agreement Limited to Parties	52
SECTION 12.02. Successor Deemed Included in all References to Predecessor	52
SECTION 12.03. Execution of Documents by Owners	52

	<u>Page</u>
SECTION 12.04. Waiver of Personal Liability	53
SECTION 12.05. Acquisition of Certificates by City	53
SECTION 12.06. Content of Certificates	53
SECTION 12.07. Publication for Successive Weeks	53
SECTION 12.08. Funds	54
SECTION 12.09. Reserved	54
SECTION 12.10. Partial Invalidity	54
SECTION 12.11. California Law	54
SECTION 12.12. Notices; Special Notices to Rating Agencies and Insurer	54
SECTION 12.13. Effective Date	56
SECTION 12.14. Execution in Counterparts	56
 EXECUTION	 57
 EXHIBIT A - FORM OF CERTIFICATES	 A-1
EXHIBIT B - FORM OF CONSTRUCTION FUND REQUISITION	B-1

TRUST AGREEMENT

This TRUST AGREEMENT, made and entered into as of January 1, 1998, among BNY WESTERN TRUST COMPANY, a corporation organized and existing as a state banking corporation under the laws of the State of California (the "Trustee"), the CITY OF SAN DIEGO, a municipal corporation duly organized and existing under its charter and the Constitution and laws of the State of California (the "City") and SAN DIEGO UNIFIED PORT DISTRICT, a public entity and agency duly organized and existing under and by virtue of the laws of the State of California (the "District");

W I T N E S S E T H:

WHEREAS, the City and the District desire to finance the construction of an expansion (the "Expansion Project") to the existing Convention Center currently operated by the City;

WHEREAS, in connection therewith, the City and the District have executed the Convention Center Facility Lease, dated as of January 1, 1998 (the "Facility Lease"), whereby the District has agreed to lease to the City certain real property and improvements thereon or to be located thereon (the "Leased Property");

WHEREAS, under and pursuant to the Facility Lease, the City is obligated to make base rental payments to the District;

WHEREAS, the District has assigned without recourse all its rights to receive the base rental payments scheduled to be paid by the City under and pursuant to the Facility Lease and certain other rights to the Trustee pursuant to the Assignment Agreement, dated as of January 1, 1998 (the "Assignment Agreement");

WHEREAS, in consideration of the assignments pursuant to the Assignment Agreement and the execution and delivery of this Trust Agreement, the Trustee has agreed to execute and deliver certificates of participation (the "Certificates"), each evidencing and representing a proportionate undivided interest in the Base Rental Payments; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Trust Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Trust Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

ARTICLE I DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Certificates and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All other capitalized terms used herein without definition shall have the meanings as set forth in the Facility Lease.

Additional Certificates

The term "Additional Certificates" means the certificates of participation authorized by a Supplemental Trust Agreement that are executed and delivered by the Trustee under and pursuant to Article II hereof.

Additional Rental

The term "Additional Rental" means the additional rental payments payable by the City under and pursuant to Section 5.01(b) of the Facility Lease.

Assignment Agreement

The term "Assignment Agreement" means that certain Assignment Agreement, dated as of January 1, 1998, between the District and the Trustee, as it may from time to time be amended.

Authorized Denominations

The term "Authorized Denominations" means \$5,000 or any integral multiple thereof.

Base Rental Payment Fund

The term "Base Rental Payment Fund" means the fund by that name established in accordance with Section 5.01 hereof.

Base Rental Payments

The term "Base Rental Payments" means the aggregate base rental payments with interest components and principal components payable by the City under and pursuant to Section 5.01(a) of the Facility Lease in the amounts and at the times set forth in Exhibit C thereof.

Beneficial Owner

The term "Beneficial Owner" shall have the meaning set forth in the Continuing Disclosure Agreement.

Business Day

The term "Business Day" means a day other than (i) Saturday or Sunday or (ii) a day on which banking institutions in Los Angeles, California, New York, New York, or the city or cities in which the principal corporate trust office of the Trustee are closed or (iii) a day on which the New York Stock Exchange is closed. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Trust Agreement, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Trust Agreement, and, unless otherwise specifically provided in this Trust Agreement, no interest shall accrue for the period from and after such nominal date.

Certificate of Completion

The term "Certificate of Completion" means a Certificate of the City filed with the Trustee, stating that the Expansion Project being financed with the proceeds of the Certificates has been acquired, constructed, installed and improved and that all Construction Costs have been paid or provided for.

Certificate of the City

The term "Certificate of the City" means an instrument in writing signed by the City Manager of the City, or by any other officer of the City duly authorized by the City for that purpose. If and to the extent required by the provisions of Section 12.06 hereof, each Certificate of the City shall include the statements provided for in Section 12.06 hereof.

Certificate Reserve Fund

The term "Certificate Reserve Fund" means the fund by that name established in accordance with Section 3.04(a) hereof.

Certificate Reserve Fund Requirement

The term "Certificate Reserve Fund Requirement" means, as of any date of calculation, an amount initially equal to \$_____ but in no event less than the lesser of (i) maximum prospective annual Base Rental Payments with respect to Outstanding Certificates and Additional Certificates to be made by the City under the Facility Lease in any Lease Year or (ii) 10% of the proceeds of the Certificates and any Additional Certificates, in accordance with the Tax Certificate.

Certificates

The term "Certificates" means the \$_____ Certificates of Participation (San Diego Convention Center Expansion) Series 1998A executed and delivered by the Trustee pursuant to this Trust Agreement.

Certificates of Participation Purchase Contract

The term "Certificates of Participation Purchase Contract" means that certain Purchase Contract, dated _____, 1998, between the Purchaser and the City relating to the Certificates.

City

The term "City" means the City of San Diego, a municipal corporation duly organized and existing under its charter and the Constitution and laws of the State of California.

Closing Date

The term "Closing Date" means _____, 1998.

Code

The term "Code" means the Internal Revenue Code of 1986, as amended.

Construction Costs

The term "Construction Costs" means all costs of acquiring, constructing, installing or improving the Expansion Project, including but not limited to:

- (i) all costs which the City shall be required to pay to a manufacturer, vendor or contractor or any other person under the terms of any contract or contracts for the acquisition, construction, installation or improvement of the Expansion Project;
- (ii) obligations of the City incurred for labor and materials (including obligations payable to the City for actual out-of-pocket expenses of the City) in connection with the acquisition, construction, installation or improvement of the Expansion Project, including reimbursement to the City for all advances and payments made in connection with the Expansion Project prior to or after delivery of the Certificates;
- (iii) the costs of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect during the course of

acquisition, construction, installation or improvement of the Expansion Project;

- (iv) all costs of engineering and architectural services, including the actual out-of-pocket costs of the City for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees and sales commissions, and for supervising acquisition, construction, installation and improvement, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction, installation or improvement of the Expansion Project; and
- (v) any sums required to reimburse the City for advances made by the City for any of the above items or for any other costs incurred and for work done by the City which are properly chargeable to the acquisition, construction, installation or improvement of the Expansion Project.

Construction Fund

The term "Construction Fund" means the fund by that name established in accordance with Section 3.06 hereof.

Continuing Disclosure Agreement

The term "Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement, dated the date of execution and delivery of the Certificates, between the City and the Trustee as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Cost of Issuance Fund

The term "Cost of Issuance Fund" means the fund by that name established in accordance with Section 3.05 hereof.

Costs of Issuance

The term "Costs of Issuance" means all the costs of executing and delivering the Certificates, including, but not limited to, all printing and document preparation expenses in connection with this Trust Agreement, the Facility Lease, the Assignment Agreement, the Certificates, the Municipal Bond Insurance Policy and the preliminary official statement and final official statement pertaining to the Certificates; rating agency fees; CUSIP Service Bureau charges; market study fees; legal fees and expenses of counsel with respect to the lease of the Leased Property; any computer and other expenses incurred in connection with the Certificates; the fees and expenses of the Trustee including fees and expenses of its counsel; and other fees and expenses incurred in connection with the execution of the Certificates, to the extent such fees and expenses are approved by the City.

Defeasance Securities

The term "Defeasance Securities" means any of the following:

- (1) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -- "SLGS");
- (2) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;
- (3) The interest component of Resolution Funding Corp. strips which have been stripped by request to the Federal Reserve Bank of New York, in book entry form;
- (4) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P;
- (5) Obligations issued or fully guaranteed by the following agencies which are backed by the full faith and credit of the United States:
 - a. U.S. Export-Import Bank
Direct obligations or fully guaranteed certificates of beneficial ownership
 - b. Farmers Home Administration
Certificates of beneficial ownership
 - c. Federal Financing Bank
 - d. General Services Administration
Participation certificates
 - e. U.S. Maritime Administration
Guaranteed Title XI financing
 - f. U.S. Department of Housing and Urban Development (HUD)
Project Notes

New Communities Debentures - U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds - U.S. government
guaranteed public housing notes and bonds

District

The term "District" means the San Diego Unified Port District, a public entity and agency duly organized and existing under and by virtue of the laws of the State of California.

DTC

The term "DTC" means The Depository Trust Company, New York, New York, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Certificates including any such successor appointed pursuant to Section 2.07 hereof.

Event of Default

The term "Event of Default" means any occurrence or event specified in and defined by Section 7.01 hereof.

Facility Lease

The term "Facility Lease" means that certain Convention Center Facility Lease, dated as of January 1, 1998, with respect to the Leased Property, between the District as lessor and the City as lessee, as originally executed and as it may from time to time be amended.

Financial Newspaper

The term "Financial Newspaper" means The Wall Street Journal or The Bond Buyer or, if neither such newspaper is being regularly published, any other newspaper or journal publishing financial news and selected by the City that is printed in the English language, is customarily published on each Business Day and is circulated in Los Angeles, California and New York, New York.

Insurance Proceeds and Condemnation Awards Fund

The term "Insurance Proceeds and Condemnation Awards Fund" means the fund by that name established in accordance with Section 5.03 hereof.

Insurer

The term "Insurer" means [INSURER], a _____ stock insurance corporation.

Interest Fund

The term "Interest Fund" means the fund by that name established in accordance with Section 5.02 hereof.

Interest Payment Date

The term "Interest Payment Date" means February 15, 1998 and each February 15 and August 15 thereafter.

Interest Period

The term "Interest Period" means each period from and including one Interest Payment Date to but excluding the next following Interest Payment Date, except that the initial Interest Period will be the period from and including January 1, 1998 to but excluding February 15, 1998.

Lease Year

The term "Lease Year" means the period from each February 15 to and including the following February 14, during the term hereof.

Leased Property

The term "Leased Property" means the real property, together with any improvements thereon or to be located thereon, as more fully described in the Facility Lease (as the same may be changed from time to time by Removal or Substitution, as defined in the Facility Lease).

Mandatory Sinking Account Payment

The term "Mandatory Sinking Account Payment" means the principal amount of any Additional Certificates required to be paid on each Mandatory Sinking Account Payment Date pursuant to the terms of a Supplemental Trust Agreement.

Mandatory Sinking Account Payment Date

The term "Mandatory Sinking Account Payment Date," if applicable, means February 15 of each year set forth in a Supplemental Trust Agreement.

Moody's

The term "Moody's" means Moody's Investors Service, Inc., or any successor credit rating agency selected by the City.

Municipal Bond Insurance Policy

The term "Municipal Bond Insurance Policy" means the municipal bond insurance policy issued by the Insurer insuring the payment when due of the principal and interest with respect to the Certificates as provided therein.

Net Proceeds

The term "Net Proceeds" means, collectively, the net proceeds of any insurance or condemnation award resulting from any damage or destruction of any portion of the Leased Property payable in accordance with the Facility Lease.

Opinion of Counsel

The term "Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the City.

Outstanding

The term "Outstanding" when used as of any particular time with reference to Certificates and Additional Certificates, means all Certificates and Additional Certificates except--

(1) Certificates and Additional Certificates previously cancelled by the Trustee or delivered to the Trustee for cancellation;

(2) Certificates and Additional Certificates which pursuant to Section 9.02 hereof are not deemed outstanding;

(3) Certificates and Additional Certificates paid or deemed to have been paid within the meaning of Section 10.01 hereof; and

(4) Certificates and Additional Certificates in lieu of or in substitution for which other Certificates or Additional Certificates shall have been executed and delivered by the Trustee pursuant to Section 2.10 hereof.

Owner

The term "Owner" means any person who shall be the registered owner of any Outstanding Certificate or Additional Certificate as indicated in the registration books of the Trustee.

Permitted Investments

The term "Permitted Investments" means any of the following to the extent then permitted by applicable law:

(1) United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations of, or obligations guaranteed directly or indirectly by, the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank) or securities or other instruments evidencing direct ownership interests in such obligations or in specified portions of the interest on or principal of such obligations, which shall be held by a custodian on behalf of such owners;

(2) (i) Obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, Federal Home Loan Mortgage Corporation or the Tennessee Valley Authority, or (ii) obligations, participations or other instruments of or issued by, or fully guaranteed as to interest and principal by, the Federal National Mortgage Association (excluding stripped mortgage backed securities which are valued at greater than par on the unpaid principal), or (iii) guaranteed portions of Small Business Administration notes, or (iv) obligations, participations or other instruments of or issued by a federal agency or a United States of America government-sponsored enterprise; provided, however, that prior to investing in investments described in clause (iv) hereof, the City shall have provided to the Trustee a Certificate of the City that such investment shall have been approved for investment hereunder by the Rating Agencies;

(3) Bills of exchange or time drafts drawn on and accepted by a commercial bank (including the Trustee or its affiliates), otherwise known as bankers acceptances, which are eligible for purchase by members of the Federal Reserve System and which are drawn on any bank the short-term obligations of which are of the highest letter and numerical rating category as provided by the Rating Agencies; provided that purchases of eligible bankers acceptances may not exceed 270 days' maturity;

(4) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by the Rating Agencies, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an "A" or higher rating for the issuer's unsecured debentures, other than commercial paper, as provided by the Rating Agencies; provided that purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10% of the outstanding commercial paper of an issuing corporation;

(5) Certificates of deposit, whether negotiable or non-negotiable, issued by a state or national bank (including the Trustee or its affiliates) or a state or federal savings and loan association, provided that such certificates of deposit shall be either (A) continuously and fully insured by the Federal Deposit Insurance Corporation or (B) have maturities of not more than 365 days and issued by any state or national bank or a state or federal savings and loan association, the short term obligations of which are rated in the highest short term letter and numerical rating category by the Rating Agencies;

(6) Any repurchase agreement with any state or national bank (including the Trustee or its affiliates) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is either (A) with any institution which has debt rated no lower than "AA" or whose commercial paper is rated no lower than "P-1" by Moody's, if then rating the Certificates, and no lower than "A-1" by S&P, if then rating the Certificates, (B) with any corporation or other entity that falls under the jurisdiction of the Federal Bankruptcy Code provided that: (a) the term of such repurchase agreement is less than one year or due on demand; (b) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral; (c) the market value of the collateral is maintained at levels acceptable to the Rating Agencies as evidenced by a Certificate of the City delivered to the Trustee; (d) failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral immediately; (e) the repurchase agreement securities must be either obligations of, or fully guaranteed as to principal and interest by, the United States of America or any agency of the United States of America, certificates of deposit or bankers' acceptances; and (f) repurchase agreement securities are free and clear of any third-party lien or claim; or (C) with financial institutions insured by the Federal Deposit Insurance Corporation or any broker-dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corporation; provided that: (a) the market value of the collateral is maintained at levels acceptable to the Rating Agencies as evidenced by a Certificate of the City delivered to the Trustee; (b) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral; (c) the Trustee has a perfected first priority security interest in the collateral; (d) the collateral is free and clear of third-party liens and in the case of a Securities Investors Protection Corporation broker was not acquired pursuant to a repurchase agreement or reverse repurchase agreement; and (e) failure to maintain the requisite collateral percentage will require the Trustee to liquidate the collateral immediately;

(7) Certificates, notes, warrants, bonds or other evidence of indebtedness of the State of California or of any political subdivision or public agency thereof which are rated in the highest short-term rating category or within one of the two highest long term rating categories of the Rating Agencies (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(8) For amounts less than \$10,000, interest-bearing demand or time deposits (including certificates of deposit) in a nationally or state-chartered bank, or state or federal savings and loan association in the State of California, fully insured by the Federal Deposit Insurance Corporation, including the Trustee or any affiliate thereof;

(9) Investments in taxable government money market portfolios restricted to obligations with an average maturity of one year or less, issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States of America and rated in either of the two highest rating categories by the Rating Agencies, including funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services;

(10) Guaranteed investment contracts or funding agreements (in either case approved for investment hereunder by the Rating Agencies as evidenced by a Certificate from the City to the Trustee) with insurance companies rated at the time of execution thereof Aa or AA as to claims paying ability by the Rating Agencies, or such agreements with securities dealers, commercial banks or insurance companies rated within one of the two highest long term rating categories of the Rating Agencies; and

(11) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which consists exclusively of investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended.

Prepayment Fund

The term "Prepayment Fund" means the fund by that name established in accordance with Section 5.02 hereof.

Principal Corporate Trust Office

The term "Principal Corporate Trust Office" means the corporate trust office of the Trustee at the address set forth in Section 12.12 hereof, except for purposes of payment, registration, transfer, exchange and surrender of Certificates, means the corporate trust office of the corporate parent of the Trustee in Los Angeles, California or such other office specified by the Trustee.

Principal Fund

The term "Principal Fund" means the fund by that name established in accordance with Section 5.02 hereof.

Principal Payment

The term "Principal Payment" means the principal amount of Certificates required to be paid on each Principal Payment Date.

Principal Payment Date

The term "Principal Payment Date" means February 15 of each year, commencing February 15, 1998.

Purchaser

The term "Purchaser" means, collectively, **[UNDERWRITERS]**, as underwriters and purchasers of the Certificates pursuant to the Certificates of Participation Purchase Contract.

Rating Agencies

The term "Rating Agencies" means Moody's or S&P, or in the event that Moody's or S&P no longer maintain a rating on the Certificates, any other nationally recognized bond rating agency then maintaining a rating on the Certificates.

Rebate Fund

The term "Rebate Fund" means the fund by that name created in Section 6.09 hereof.

Rebate Requirement

The term "Rebate Requirement" means the Rebate Requirement as defined in the Tax Certificate.

Record Date

The term "Record Date" means the close of business on the first day of the month in which any Interest Payment Date occurs, whether or not such day is a Business Day.

Rental Payments

The term "Rental Payments" means, collectively, the Base Rental Payments and the Additional Rental.

Representation Letter

The term "Representation Letter" means the Letter of Representations from the City and the Trustee to DTC, or any successor securities depository for the Certificates, in which the City and the Trustee make certain representations with respect to the Certificates, the payment with respect thereto and delivery of notices with respect thereto.

Reserve Fund Credit Facility

The term "Reserve Fund Credit Facility" shall mean a letter of credit, line of credit, surety bond, insurance policy or similar facility deposited in the Certificate Reserve Fund in lieu of or in partial substitution for cash or securities on deposit therein. The entity providing such Reserve Fund Credit Facility shall be approved by the Insurer.

S&P

The term "S&P" means Standard & Poor's Ratings Services, or any successor credit rating agency selected by the City.

Supplemental Trust Agreement

The term "Supplemental Trust Agreement" means an agreement amending or supplementing the terms hereof entered into pursuant to the terms hereof.

Tax Certificate

The term "Tax Certificate" means that tax certificate and agreement executed by the City and the District at the time of execution and delivery of the Certificates relating to the requirements of Section 148 of the Code, as such certificate may be amended or supplemented.

Term Certificates

The term "Term Certificates" means any Additional Certificates which are subject to prepayment prior to their stated maturity dates from Mandatory Sinking Account Payments.

Trust Agreement

The term "Trust Agreement" means this Trust Agreement by and among the Trustee, the City and the District, dated as of January 1, 1998, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Trustee

The term "Trustee" means BNY Western Trust Company, a corporation organized and existing as a state banking corporation under the laws of the United States of America and having a principal corporate trust office located at Los Angeles, California, or any other bank or trust company which may at any time be substituted in its place as provided in Section 8.02 hereof.

Written Request of the City

The term "Written Request of the City" means an instrument in writing signed by the City Manager of the City or other officers who are specifically authorized by resolution of the City Council of the City to sign or execute such a document on its behalf, as reflected in a Certificate of the City to such effect delivered to the Trustee.

SECTION 1.02. Interpretation. (a) In this Trust Agreement, unless the context otherwise requires:

(i) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Trust Agreement, refer to this Trust Agreement, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this Trust Agreement;

(ii) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(iii) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons; and

(iv) Any headings preceding the text of the several Articles and Sections of this Trust Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Trust Agreement, nor shall they affect its meaning, construction or effect.

(b) Whenever in this Trust Agreement the City, the District or the Trustee is named or referred to, it shall include, and shall be deemed to include, its respective successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the City, the District or the Trustee contained in this Trust Agreement shall bind and inure to the benefit of such respective successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the City or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this Trust Agreement.

(c) Nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the City, the District, the Trustee, the Insurer (including its agents) and the Owners of the Certificates, any right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof. All of the covenants, stipulations, promises and agreements in this Trust Agreement contained by or on behalf of the City shall be for the sole benefit of the City, the District, the Trustee (including its agents), the Insurer (including its agents) and the Owners.

SECTION 1.03. Equal Security. In consideration of the acceptance of the Certificates by the Owners, this Trust Agreement shall be deemed to be and shall constitute a contract between the Trustee and the Owners to secure the full and final payment of the interest and principal, and premium, if any, represented by the Certificates which may be executed and delivered hereunder, subject to each of the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Trustee shall be for the equal and proportionate benefit, protection and security of all Owners without distinction, preference or priority as to security or otherwise of any Certificates over any other Certificates by reason of the number or date thereof or the time of execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II
TERMS AND CONDITIONS OF CERTIFICATES

SECTION 2.01. Preparation of Certificates. The Trustee is hereby authorized and directed to register, execute and deliver the Certificates in the aggregate principal amount of _____ dollars (\$ _____), representing the aggregate principal components of the Base Rental Payments and each evidencing and representing a proportionate undivided interest in the Base Rental Payments. The Certificates shall be numbered, with or without prefixes, as determined by the Trustee.

SECTION 2.02. Denomination, Medium and Dating of Certificates. The Certificates shall be designated "Certificates of Participation (San Diego Convention Center Expansion), Series 1998A," shall be executed and delivered in the form of fully registered Certificates, without coupons, in Authorized Denominations and shall be payable in lawful money of the United States of America.

The Certificates shall be dated January 1, 1998. Each Certificate shall represent interest from the Interest Payment Date to which interest has been paid or duly provided for next preceding its date of execution, unless such date of execution shall be (i) prior to the close of business on February 15, 1998, in which case such Certificate shall represent interest from January 1, 1998, (ii) subsequent to a Record Date but before the related Interest Payment Date, in which case such Certificate shall represent interest from such Interest Payment Date, or (iii) an Interest Payment Date to which interest has been paid in full or duly provided for, in which case such Certificate shall represent interest from such date of execution; provided, however, that if, as shown by the records of the Trustee, interest shall be in default, each Certificate shall represent interest from the last date to which interest has been paid in full or duly provided for or, if no interest has ever been paid or duly provided for, January 1, 1998.

SECTION 2.03. Payment Dates of Certificates; Interest.

(a) Method and Place of Payment. The principal represented by the Certificates shall be payable, subject to prior prepayment, on each Principal Payment Date, as the case may be, in each of the years and in the amounts and with the rate of interest components set forth in the following table:

Payment Date <u>(February 15)</u>	Principal <u>Amount</u>	Rate of <u>Interest</u>
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Except as otherwise provided in the Representation Letter, the interest represented by the Certificates shall be payable on each Interest Payment Date by check sent by first class mail by the Trustee to the respective Owners of the Certificates as of the Record Date for such Interest Payment Date at their addresses shown on the books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof. Payments of defaulted interest with respect to any Certificate shall be paid by check to the Owner as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the Owner of the Certificate not less than ten days prior thereto. The principal and premium, if any, represented by the Certificates shall be payable upon presentation and surrender thereof on maturity or on prepayment prior thereto at the Principal Corporate Trust Office of the Trustee.

The Owner of \$1,000,000 or more in aggregate principal amount represented by the Certificates may request in writing that the Trustee pay the interest represented by such Certificates by wire transfer to an account in the United States of America and the Trustee shall comply with such request for all Interest Payment Dates following the fifteenth day after receipt of such request.

(b) Principal. The principal represented by the Certificates shall be payable on their Principal Payment Date in each year and shall represent the sum of the portions of the Base Rental Payments designated as principal components coming due on the Principal Payment Date in each year.

(c) Calculation of Interest Represented by Certificates. The interest represented by the Certificates shall be payable on each Interest Payment Date to their Principal Payment Date(s) or prepayment prior thereto, and shall represent the sum of the portions of the Base Rental Payments designated as interest components coming due on the Interest Payment Dates in each year (at the applicable interest rate specified in the preceding table). Interest with respect to the Certificates shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 2.04. Form of Certificates. The Certificates and the assignment to appear thereon shall be in substantially the forms, respectively, of Exhibit B hereto, with necessary or appropriate insertions, omissions and variations as permitted or required hereby.

SECTION 2.05. Execution of Certificates and Replacement Certificates. The Certificates shall be executed by the Trustee by the manual signature of an authorized signatory of the Trustee.

SECTION 2.06. Transfer and Payment of Certificates; Exchange of Certificates. All Certificates may be presented for transfer by the Owner thereof, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee, on the books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof, upon surrender of such Certificates for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. The Trustee may treat the Owner of any Certificate as the absolute owner of such Certificate for all purposes, whether or not such Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal represented by such Certificate shall be

made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability represented by such Certificate to the extent of the sum or sums so paid.

Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates representing the same principal amount in Authorized Denominations. The Trustee shall require the payment by any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Certificates may be presented for exchange at the Principal Corporate Trust Office of the Trustee, for a like aggregate principal amount of Certificates of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be required to transfer or exchange any Certificate during the period in which the Trustee is selecting Certificates for prepayment, nor shall the Trustee be required to transfer or exchange any Certificate or portion thereof selected for prepayment from and after the date of mailing the notice of prepayment thereof.

SECTION 2.07. Book-Entry Certificates. Notwithstanding any provision of this Trust Agreement to the contrary, the transfer provisions of Section 2.06 hereof do not apply if the ownership of the Certificates is in book-entry form.

(a) Except as provided in subparagraph (d) of this Section 2.07, the registered Owner of all of the Certificates shall be DTC, and the Certificates shall be registered in the name of Cede & Co., as nominee for DTC. Notwithstanding anything to the contrary contained in this Trust Agreement, payment of interest with respect to any Certificate registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of same-day funds to the account of Cede & Co. on the Interest Payment Date for the Certificates at the address indicated on the Record Date or special record date for Cede & Co. in the Certificate registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof or as otherwise provided in the Representation Letter.

(b) The Certificates shall be initially executed and delivered in the form of separate single fully registered Certificates in the amount of each separate stated maturity of the Certificates. Upon initial execution and delivery, the ownership of such Certificates shall be registered in the Certificate registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof in the name of Cede & Co., as nominee of DTC. The Trustee and the City shall treat DTC (or its nominee) as the sole and exclusive Owner of the Certificates registered in its name for the purposes of payment of the principal, premium, if any, or interest with respect to the Certificates, selecting the Certificates or portions thereof to be prepaid, giving any notice permitted or required to be given to Owners under this Trust Agreement, registering the transfer of Certificates, obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and neither the Trustee nor the City shall be affected by any notice to the contrary. Neither the Trustee nor the City shall have any responsibility or obligation to any

person claiming a beneficial ownership interest in the Certificates under or through DTC, or any other person which is not shown on the Certificate registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof as being an Owner, with respect to (i) the accuracy of any records maintained by DTC; (ii) the payment by DTC of any amount in respect of the principal, premium, if any, or interest with respect to the Certificates; (iii) any notice which is permitted or required to be given to Owners under this Trust Agreement or the selection by DTC of any person to receive payment in the event of a partial prepayment of the Certificates; or (iv) any consent given or other action taken by DTC as Owner. The Trustee shall pay all principal, premium, if any, and interest with respect to the Certificates only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal, premium, if any, and interest with respect to the Certificates to the extent of the sum or sums so paid. Except under the conditions of (d) below, no person other than DTC shall receive an executed Certificate for each separate stated maturity representing the right to receive an undivided proportionate share of Base Rental Payments. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the term "Cede & Co." in this Trust Agreement shall refer to such new nominee of DTC.

(c) In order to qualify the Certificates for DTC's book-entry system, the City and the Trustee will execute, countersign and deliver to DTC the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Section 2.07 or in any other way impose upon the Trustee, the City or the District any obligation whatsoever with respect to persons having interests in the Certificates other than the Owners, as shown on the Certificate registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof.

(d) In the event (i) DTC, including any successor as securities depository for the Certificates, determines not to continue to act as securities depository for the Certificates, or (ii) the City determines that the incumbent securities depository shall no longer so act and delivers a written certificate to the Trustee to that effect, then the City will discontinue the book-entry system with the incumbent securities depository for the Certificates. If the City determines to replace the incumbent securities depository for the Certificates with another qualified securities depository, the City shall prepare or direct the preparation of a new single, separate fully registered Certificate for the aggregate outstanding principal amount of Certificates of each maturity, registered in the name of such successor or substitute qualified securities depository, or its nominee, or make such other arrangement acceptable to the City, the Trustee and the successor securities depository for the Certificates as are not inconsistent with the terms of this Trust Agreement. If the City fails to identify another qualified successor securities depository for the Certificates to replace the incumbent securities depository, then the Certificates shall no longer be restricted to being registered in the Certificate registration books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository for the Certificates, or its nominee, shall designate. In such event the Trustee shall execute and deliver a sufficient quantity of Certificates as to carry out the transfers and

exchanges provided in this Section and Sections 2.06 and 2.10 hereof. All such Certificates shall be in fully registered form in denominations authorized by this Trust Agreement.

(e) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as any Certificate is registered in the name of DTC, or its nominee, all payments with respect to the principal, premium, if any, and interest with respect to such Certificate and all notices with respect to such Certificates shall be made and given, respectively, as provided in the Representation Letter.

(f) In connection with any notice or other communication to be provided to Owners pursuant to this Trust Agreement by the City or the Trustee with respect to any consent or other action to be taken by Owner, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

SECTION 2.08. Certificate Registration Books. The Trustee will keep sufficient books for the registration and transfer of the Certificates, which books shall be available for inspection by the District, the City and any Owner of at least five percent in aggregate principal amount of Outstanding Certificates at reasonable hours and under reasonable conditions; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Certificates on such books as hereinabove provided. The Trustee will, upon written request, make copies of the foregoing available to any Owner of at least five percent in aggregate principal amount of Outstanding Certificates or his agent duly authorized in writing.

SECTION 2.09. Temporary Certificates. The Certificates may be initially delivered in temporary form exchangeable for definitive Certificates when ready for delivery, which temporary Certificates shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Certificate shall be executed and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Certificates. If the Trustee executes and delivers temporary Certificates, it will execute definitive Certificates without delay, and thereupon the temporary Certificates may be surrendered at the Principal Corporate Trust Office of the Trustee, in exchange for such definitive Certificates, and until so exchanged such temporary Certificates shall be entitled to the same benefits hereunder as definitive Certificates executed and delivered hereunder.

SECTION 2.10. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner thereof, shall execute and deliver a new Certificate of like tenor, payment date in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the Trustee and indemnity satisfactory to the

Trustee shall be given, the Trustee, at the expense of the Owner thereof, shall execute and deliver a new Certificate of like tenor, numbered as the Trustee shall determine, in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Certificate executed and delivered by it under this Section and of the expenses which may be incurred by it under this Section. Any Certificate executed and delivered under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Certificates secured hereby, and the Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of executing and delivering a new Certificate for a Certificate which has been lost, destroyed or stolen and which has matured or will mature within 30 days after the Trustee has received all required indemnity and payments on account of a lost, destroyed or stolen Certificate, the Trustee may make payment of such Certificate to the Owner thereof if so instructed by the City.

SECTION 2.11. Execution and Delivery of Additional Certificates. In addition to the Certificates of Participation (San Diego Convention Center Expansion), Series 1998A, the City, the District and the Trustee may, by execution of a Supplemental Trust Agreement without the consent of the Owners, provide for the execution and delivery of Additional Certificates representing additional Base Rental Payments (which Additional Certificates shall not use the numbers "1998A" in the title thereof). The Trustee may execute and deliver to or upon the Written Request of the City such Additional Certificates, in such principal amount as shall reflect the additional principal components and interest components of the Base Rental Payments, and the proceeds of such Additional Certificates may be applied to any lawful purposes of the City, but such Additional Certificates may only be executed and delivered upon compliance by the City with the provisions of Section 2.12 hereof and subject to the following specific conditions, which are hereby made conditions precedent to the execution and delivery of any such Additional Certificates:

(a) Neither of the City nor the District shall be in default under the Trust Agreement or any Supplemental Trust Agreement or under the Facility Lease;

(b) Said Supplemental Trust Agreement shall provide that from such proceeds or other sources an amount shall be deposited in the Certificate Reserve Fund so that following such deposit there shall be on deposit in the Certificate Reserve Fund an amount at least equal to the Certificate Reserve Fund Requirement;

(c) The Additional Certificates shall be payable as to principal only on a Principal Payment Date of each year in which principal components are due and shall be payable as to interest only on an Interest Payment Date of each year commencing with the first Interest Payment Date occurring after their date of execution and delivery;

(d) The interest with respect to the Additional Certificates shall be payable at a fixed rate;

(e) The aggregate principal amount of Certificates executed and delivered and at any time Outstanding hereunder or under any Supplemental Trust Agreement shall not exceed any limit imposed by law, by this Trust Agreement or by any Supplemental Trust Agreement;

(f) The Facility Lease shall have been amended, to the extent necessary, so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal and interest represented by such Additional Certificates, payable at such times and in such manner as may be necessary to provide for the payment of the principal and interest represented by such Certificates; provided, however, that no such amendment shall be made such that the sum of Base Rental Payments, including any such amendment, plus Additional Rental in any year shall be in excess of the annual fair rental value of the Leased Property (without taking into account the use of the proceeds of any Additional Certificates executed and delivered in connection therewith) and evidence of the satisfaction of this condition shall be made by a Certificate of the City; and

(g) Said Supplemental Trust Agreement shall provide Principal Payment Dates and/or mandatory prepayments of Additional Certificates in amounts sufficient to provide for payment of the Additional Certificates when principal and interest components of Base Rental Payments are due.

Any Additional Certificates shall be on a parity with the Certificates and each Owner thereof shall have the same rights upon an Event of Default as the Owner of any other Certificates executed and delivered under this Trust Agreement, except as otherwise provided in the Supplemental Trust Agreement under which Additional Certificates are executed and delivered.

SECTION 2.12. Proceedings for Authorization of Additional Certificates. Whenever the City and the District shall determine to authorize the execution and delivery of any Additional Certificates pursuant to Section 2.11 hereof, the City, the District and the Trustee shall enter into a Supplemental Trust Agreement without the consent of the Owners of any Certificates, providing for the execution and delivery of such Additional Certificates, specifying the maximum principal amount of such Additional Certificates and prescribing the terms and conditions of such Additional Certificates.

Such Supplemental Trust Agreement shall prescribe the form or forms of such Additional Certificates and, subject to the provisions of Section 2.11 hereof, shall provide for the distinctive designation, denominations, method of numbering, dates, Principal Payment Dates, interest rates, Interest Payment Dates, provisions for prepayment (if desired) and places of payment of principal and interest.

Before such Additional Certificates shall be executed and delivered, the City, the District shall file or cause to be filed the following documents with the Trustee:

(a) An Opinion of Counsel setting forth (1) that such Counsel has examined the Supplemental Trust Agreement and the amendment, if any, to the Facility Lease required by Section 2.11(f) hereof; (2) that the execution and delivery of the Additional Certificates have been sufficiently and duly authorized by the City and the District; (3) that said amendments to the Facility Lease and the Supplemental Trust Agreement, when duly executed by the City and the District, will be valid and binding obligations of the City and the District; (4) that said amendments to the Facility Lease have been duly authorized, executed and delivered and have been duly recorded; and (5) that the amendments to the Facility Lease do not adversely affect the tax-exempt status of interest evidenced by Outstanding Certificates;

(b) A Certificate of the City that the requirements of Section 2.11 hereof have been met, which shall include a Certificate by the City as to the annual fair rental value of the Leased Property, without giving effect to the execution and delivery of the Additional Certificates and to the use of proceeds received therefrom;

(c) Certified copies of the resolutions of the City and the District, authorizing the execution of the amendments to the Facility Lease required by Section 2.11 hereof;

(d) An executed counterpart or duly authenticated copy of the amendments to the Facility Lease required by Section 2.11(f) hereof;

(e) Certified copies of the policies of insurance required by Article VI of the Facility Lease or certificates thereof, which shall evidence that the amounts of the insurance required under Section 6.03(1) and (2) of the Facility Lease have been increased, if necessary, to cover the amount of such Additional Certificates;

(f) A CLTA title insurance policy or other appropriate form of policy in the amount of the Additional Certificates of the type and with the endorsements described in Section 6.05 of the Facility Lease; and

(g) The written consent of the Insurer permitting the execution and delivery of such Additional Certificates (unless such Additional Certificates are being executed and delivered to refund Outstanding Certificates or Additional Certificates, and such refunding results in present value savings to the City).

Upon the delivery to the Trustee of the foregoing instruments so as to permit the execution and delivery of the Additional Certificates in accordance with the Supplemental Trust Agreement then delivered to the Trustee, the Trustee shall execute and deliver said Additional Certificates, in the aggregate principal amount specified in such Supplemental Trust Agreement, to, or upon the request of, the City.

ARTICLE III
PROCEEDS OF CERTIFICATES

SECTION 3.01. Delivery of Certificates. The Trustee is hereby authorized to execute and deliver the Certificates to the Purchaser pursuant to the Certificates of Participation Purchase Agreement upon receipt of a Written Request of the City and upon receipt of the proceeds of sale thereof.

SECTION 3.02. Deposit of Proceeds of Certificates and Other Moneys.

The proceeds received from the sale of the Certificates amount to \$_____ (consisting of the par amount of the Certificates of \$_____, less an original issue discount of \$_____, less an underwriters' discount of \$_____, plus accrued interest of \$_____ and less the amount of the bond insurance premium of \$_____ which has been wired by the Purchaser directly to the Insurer). Certificate proceeds shall be deposited by the Trustee to the following respective funds.

(i) The Trustee shall deposit in the Cost of Issuance Fund established pursuant to Section 3.05 hereof the net amount of \$_____. Such amount is net of the Purchaser's payment to the Insurer on the Closing Date of the premium for the Municipal Bond Insurance Policy in the amount of \$_____, which premium shall be deemed to have been paid on behalf of the City from amounts in the Cost of Issuance Fund.

(ii) The Trustee shall deposit in the Construction Fund established pursuant to Section 3.06 hereof the amount of \$_____.

(iii) The Trustee shall deposit in the Interest Fund established pursuant to Section 5.02 hereof the amount of \$_____, representing accrued interest with respect to the Certificates.

(iv) The Trustee shall deposit in the Certificate Reserve Fund the amount of \$_____ constituting the Certificate Reserve Fund Requirement.

SECTION 3.03. [Reserved].

SECTION 3.04. Certificate Reserve Fund.

(a) There is hereby established in trust a special fund designated as the "Certificate Reserve Fund" which shall be held by the Trustee and which shall be kept separate and apart from all other funds held by the Trustee. Moneys in the Certificate Reserve Fund shall be in the amount of the Certificate Reserve Fund Requirement and shall be used and withdrawn by the Trustee solely for the purposes set forth in this Section 3.04.

(i) If, on any Interest Payment Date (or on any earlier date as specified in a Reserve Fund Credit Facility or Certificate Reserve Fund investment), the amount on deposit in the Interest Fund is insufficient to pay the interest due with respect to the Certificates and any Additional Certificates on such Interest Payment Date, the Trustee shall transfer from the Certificate Reserve Fund and deposit in the Interest Fund an amount sufficient to make up such deficiency.

(ii) If, on any Principal Payment Date or any Mandatory Sinking Account Payment Date (or on any earlier date as specified in a Reserve Fund Credit Facility or Certificate Reserve Fund investment), the amount on deposit in the Principal Fund is insufficient to pay the principal due with respect to the Certificates and any Additional Certificates on such Principal Payment Date or Mandatory Sinking Account Payment Date, the Trustee shall transfer from the Certificate Reserve Fund and deposit in the Principal Fund an amount sufficient to make up such deficiency.

(iii) Monies on deposit in the Certificate Reserve Fund shall be withdrawn and transferred by the Trustee to be applied for the final payment on the Certificates and any Additional Certificates.

In the event of any withdrawal or transfer from the Certificate Reserve Fund, the Trustee shall, within five days thereafter, provide written notice to the City and the Insurer of the amount and the date of such transfer. If at any time the balance in the Certificate Reserve Fund shall be reduced below the Certificate Reserve Fund Requirement, the first of Base Rental Payments thereafter payable by the City under the Facility Lease and not needed to pay the interest and principal components of Base Rental Payments payable by the City under the Facility Lease to the Owners on the next Interest Payment Date, Principal Payment Date or Mandatory Sinking Account Payment Date shall be used to increase the balance in the Certificate Reserve Fund to the Certificate Reserve Fund Requirement. If after the payment of principal and interest on any Interest Payment Date the balance in the Certificate Reserve Fund shall be in excess of the Certificate Reserve Fund Requirement, the Trustee shall transfer such excess first to the Construction Fund until such time as the Certificate of Completion is delivered to the Trustee, then to the Principal Fund. At the termination of the Facility Lease in accordance with its terms, any balance remaining in the Certificate Reserve Fund shall be released and may be transferred to the City, or otherwise used by the City for any other lawful purposes, as the City may direct. For purposes of determining the amount on deposit in the Certificate Reserve Fund, all investments shall be valued annually at the amortized cost thereof (exclusive of accrued but unpaid interest, but inclusive of commissions). Investments in the Certificate Reserve Fund shall mature, or be subject to tender, redemption or withdrawal at the option of the holder thereof, not later than five years from the date of investment.

(b) At the option of the City, one or more Reserve Fund Credit Facilities may be substituted for the funds held by the Trustee in the Certificate Reserve Fund such that the amount available to be drawn under such Reserve Fund Credit Facilities together with funds remaining in the Certificate Reserve Fund satisfies the Certificate Reserve Fund Requirement.

If the City exercises its option to substitute a Reserve Fund Credit Facility for all or a portion of the moneys held by the Trustee in the Certificate Reserve Fund, then such moneys, on or after the date that the Reserve Fund Credit Facility becomes effective, at the option of the City, shall be transferred (A) to the Base Rental Payment Fund and on each applicable Principal Payment Date a pro rata portion thereof shall be transferred to the Principal Fund and used to pay a portion of the principal with respect to the Certificates due on such Principal Payment Date, or (B) to the Construction Fund to pay the Construction Costs related to the Expansion Project or to the City for any other lawful purpose, all at the option of the City. In the event any Reserve Fund Credit Facility is scheduled to terminate prior to the final maturity date of the Certificates and any Additional Certificates and such Reserve Fund Credit Facility is not extended, renewed or replaced with another Reserve Fund Credit Facility or with cash or Permitted Investments in the amount of such Reserve Fund Credit Facility, the Trustee shall draw on or make a claim under such Reserve Fund Credit Facility ten days prior to the date of such expiration in an amount equal to the lesser of (i) the maximum amount available thereunder or (ii) the Certificate Reserve Fund Requirement, in either case for deposit into the Certificate Reserve Fund.

In the event a Reserve Fund Credit Facility is substituted for all or a portion of the moneys held by the Trustee in the Certificate Reserve Fund pursuant to the terms of this Trust Agreement, then, notwithstanding any other provision hereof, (A) the Trustee shall draw upon the Reserve Fund Credit Facility for amounts which the terms of this Trust Agreement require to be transferred from the Certificate Reserve Fund; provided that the Trustee shall first draw upon any cash or Permitted Investments on deposit in the Certificate Reserve Fund prior to drawing upon any Reserve Fund Credit Facility, and thereafter shall draw upon all such Reserve Fund Credit Facilities on a pro rata basis, and (B) amounts required by the terms of this Trust Agreement to be deposited or transferred to the Certificate Reserve Fund shall (i) in the event the Reserve Fund Credit Facility has been drawn upon, be paid to the provider of such Reserve Fund Credit Facility if the City has an outstanding reimbursement obligation to such provider resulting from such draw, which payment shall result in an increase in the amount then available under the Reserve Fund Credit Facility equal to such payment or (ii) otherwise be transferred or deposited pursuant to the terms of this Trust Agreement as if no deposit or transfer to the Certificate Reserve Fund were required.

The City shall be permitted to make use of a Reserve Fund Credit Facility pursuant to this Trust Agreement at any time.

For purposes of this Section 3.04(b), the term "substitution" shall include such initial funding of the Certificate Reserve Fund Requirement by means of a Reserve Fund Credit Facility instead of by deposit of moneys, and shall not be read to mean that the City must first make an initial cash deposit in the Certificate Reserve Fund before invoking this Section 3.04(b) and satisfying the Certificate Reserve Fund Requirement by securing and implementing a Reserve Fund Credit Facility.

SECTION 3.05. Cost of Issuance Fund. There is hereby established in trust a special fund designated as the "Cost of Issuance Fund" which shall be held by the Trustee and which shall be kept separate and apart from all other funds held by the Trustee. The Trustee shall

disburse moneys from the Cost of Issuance Fund on such dates and in such amounts as are necessary to pay Costs of Issuance upon receipt by the Trustee of a Written Request of the City. On or after December 31, 1998 the City shall transfer any amounts then remaining in the Cost of Issuance Fund first to the Construction Fund until such time as the Certificate of Completion is delivered to the Trustee, then to the Certificate Reserve Fund to the extent the amount on deposit therein is less than the Certificate Reserve Fund Requirement, and thereafter to the Principal Fund.

SECTION 3.06. Construction Fund.

(a) The Trustee shall hold the moneys in the Construction Fund and shall disburse such moneys therefrom to pay the costs of the Expansion Project. Such disbursements shall be made from time to time upon receipt of a Written Request of the City (in the form as set forth in Exhibit B hereto) which: (a) states with respect to each disbursement to be made: (i) the requisition number, (ii) the name and address of the person, firm or authority to whom payment is due, (iii) the amount to be disbursed, and (iv) that each obligation therein has been properly incurred, and is a proper charge against the Construction Fund and has not been the basis of any previous disbursement; (b) specifies in reasonable detail the nature of the obligation; and (c) is accompanied by a bill or statement of account for each obligation.

(b) If, after payment by the Trustee of all Written Requests of the City and delivery to the Trustee of a Certificate of Completion, there shall remain any balance of money in the Construction Fund, all money so remaining shall be transferred first to the Certificate Reserve Fund to the extent necessary to make the amount on deposit therein equal to the Certificate Reserve Fund Requirement, and thereafter to the accounts of the Interest Fund.

ARTICLE IV PREPAYMENT OF CERTIFICATES

SECTION 4.01. Terms of Prepayment. The Certificates shall be subject to prepayment prior to their respective maturity dates as set forth in subsections (a), (b) and (c) hereof.

(a) The Certificates are subject to prepayment on any date prior to their respective maturity dates, as a whole, or in part, at the direction of the City, from Net Proceeds at a prepayment price equal to the sum of the principal amount represented thereby plus accrued interest represented thereby to the date fixed for prepayment, without premium.

(b) The Certificates maturing on or before February 15, ____ are not subject to optional prepayment prior to their respective stated maturities. The Certificates maturing on or after February 15, ____ shall be subject to prepayment prior to their respective stated maturities at the option of the City on or after February 15, ____, as a whole, or in part (in such maturities as are designated to the Trustee by the City no later than 45 days prior to the prepayment date or, if the City fails to designate such maturities, on a proportional basis among maturities) on any date, from funds derived by the City from any source at the following prepayment prices

(expressed as percentages of the principal amount of the Certificates called for prepayment), together with accrued interest represented thereby to the date fixed for prepayment:

<u>Prepayment Date</u> <u>(dates inclusive)</u>	<u>Prepayment Price</u>
February 15, ____ to February 14, ____	
February 15, ____ to February 14, ____	
February 15, ____ and thereafter	

(c) The Certificates maturing on February 15, ____ are also subject to prepayment prior to their stated maturity, in part by lot, from Mandatory Sinking Account Payments, on any February 15 on or after February 15, ____ at the principal amount thereof and accrued interest represented thereby to the date fixed for prepayment, without premium, according to the following schedule:

<u>Prepayment Date</u> <u>(February 15)</u>	<u>Principal Amount</u> <u>Prepaid</u>
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* Maturity

SECTION 4.02. Selection of Certificates for Prepayment. Whenever less than all the Outstanding Certificates are to be prepaid on any one date, other than for any Mandatory Sinking Account Payments, the City shall select the maturity of the Certificates or portions thereof to be prepaid, which may include portions of Term Certificates representing prepaid Base Rental Payments due immediately prior to the Mandatory Sinking Account Payments relating to such Term Certificates, and shall provide written notice to the Trustee at least 60 days prior to the prepayment date; provided, however, that if the remaining Base Rental Payments under the Facility Lease will not be reasonably level after such prepayment, the City shall deliver to the Trustee an Opinion of Counsel that the Facility Lease will continue to be a valid and binding obligation of the City after such prepayment. Such decision of the City shall be final and binding upon the District, the Trustee and the Owners. Subject to the City's direction, the Trustee shall select specific Certificates for prepayment by lot. For purposes of such selection, any Certificate may be prepaid in part in Authorized Denominations.

SECTION 4.03. Notice of Prepayment. When prepayment is authorized pursuant to Section 4.01 hereof, the Trustee shall give notice, at the expense of the City, of the prepayment of the Certificates. The notice of prepayment shall specify: (a) the Certificates or designated portions thereof (in the case of prepayment of the Certificates in part but not in whole) which are to be prepaid, (b) the date of prepayment, (c) the place or places where the prepayment will be made, including the name and address of any paying agent, (d) the prepayment price, (e) the

CUSIP numbers assigned to the Certificates to be prepaid, (f) the numbers of the Certificates to be prepaid in whole or in part (if less than all of the Certificates of a maturity are to be prepaid) and, in the case of any Certificates to be prepaid in part only, the amount of such Certificates to be prepaid, and (g) the stated Principal Payment Date of each Certificate to be prepaid in whole or in part. Such notice of prepayment shall further state that on the specified date there shall become due and payable upon each Certificate or portion thereof being prepaid the prepayment price, together with interest accrued to the prepayment date thereon, and that from and after such date interest represented thereby shall cease to accrue and be payable.

The Trustee shall take the following actions with respect to such notice of prepayment:

(a) At least 30 but not more than 60 days prior to the prepayment date, notice of prepayment shall be given to the respective Owners of Certificates designated for prepayment by first class mail, postage prepaid, at their addresses appearing on the registration books of the Trustee as of the close of business on the day before such notice of prepayment is given.

(b) At least two days before notice of prepayment is given to the Owners pursuant to Section 4.03(a) hereof, notice of prepayment shall be given by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission or (iii) overnight delivery service, to each of the following securities depositories:

- (1) The Depository Trust Company
711 Stewart Avenue
Garden City, New York 11530
Facsimile transmission: (516) 227-4039
(516) 227-4190
- (2) Midwest Securities Trust Company
Capital Structured-Call Notification
440 South La Salle Street
Chicago, Illinois 60605
Facsimile transmission: (312) 663-2343
- (3) Philadelphia Depository Trust Company
Reorganization Division
1900 Market Street
Philadelphia, Pennsylvania 19103
Facsimile transmission: (215) 496-5058

(c) At the time that notice of prepayment is given to the Owners pursuant to Section 4.03(a) hereof, notice of prepayment shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to all of the following services:

- (1) Financial Information, Inc.'s
Financial Daily Called Bond Service
30 Montgomery Street, 10th Floor
Jersey City, New Jersey 07302
Attention: Editor
- (2) Kenny Information Service's Called
Bond Service
65 Broadway, 16th Floor
New York, New York 10006
- (3) Moody's Municipal and Government
99 Church Street, 8th Floor
New York, New York 10007
Attention: Municipal News Reports
- (4) Standard & Poor's Called Bond Record
25 Broadway, 3rd Floor
New York, New York 10004

The actual receipt by the Owner or any of the securities depositories or services specified in subsections (b) or (c) hereof of any notice of such prepayment shall not be a condition precedent to prepayment, and neither failure to receive such notice nor any defect therein shall affect the validity of the proceedings for the prepayment of such Certificates or the cessation of interest on the date fixed for prepayment.

A certificate by the Trustee that notice of prepayment has been given to Owners or any of the securities depositories or services specified in subsections (b) or (c) hereof as herein provided shall be conclusive as against all parties, and no Owner whose Certificate is called for prepayment may object thereto or object to the cessation of interest on the fixed prepayment date by any claim or showing that said Owner failed to actually receive such notice of call and prepayment.

The Trustee shall give notice of prepayment of any Certificates to be prepaid upon receipt of a Written Request of the City (which request shall be given to the Trustee at least 45 days prior to the date fixed for prepayment), but, in the case of a prepayment pursuant to Section 4.01(a), only after the City shall have made a prepaid Base Rental Payment to the Trustee and the Trustee shall have deposited in the Prepayment Fund established pursuant to Section 5.02(c) hereof such prepaid Base Rental Payment in an amount sufficient for the payment of the prepayment price represented by all Certificates to be prepaid, together with the estimated expense of giving such notice.

SECTION 4.04. Partial Prepayment of Certificates. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof a new Certificate or Certificates representing the unpaid principal amount of the Certificate surrendered.

SECTION 4.05. Effect of Prepayment. If notice of prepayment has been duly given as aforesaid and moneys for the payment of the prepayment price of the Certificates to be prepaid are held by the Trustee, then on the prepayment date designated in such notice the Certificates so called for prepayment shall become payable at the prepayment price specified in such notice; and from and after the date so designated interest represented by the Certificates so called for prepayment shall cease to accrue, such Certificates shall cease to be entitled to any benefit or security hereunder and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the prepayment price represented thereby. The Trustee shall, upon surrender for payment of any of the Certificates to be prepaid, pay such Certificates at the prepayment price thereof.

All Certificates prepaid pursuant to the provisions of this Article shall be canceled by the Trustee and shall not be redelivered.

ARTICLE V RENTAL PAYMENTS

SECTION 5.01. Pledge of Base Rental Payments; Base Rental Payment Fund.

(a) There is hereby established a special fund designated as the "Base Rental Payment Fund" which shall be held by the Trustee and which shall be kept separate and apart from all other funds and moneys held by the Trustee. The City hereby irrevocably pledges and transfers to the Trustee, for the benefit of the Owners, all of its right, title and interest in and to all amounts on deposit from time to time in the funds and accounts established hereunder and in and to the Base Rental Payments, which shall be used for the punctual payment of the interest and principal represented by the Certificates and any Additional Certificates and the Base Rental Payments shall not be used for any other purpose while any of the Certificates or Additional Certificates remain Outstanding. It is the intent of the parties hereto that the District shall not have any right, title or interest, in or to the Base Rental Payments. In the event, however, that it should be determined that the District has any right, title or interest in or to the Base Rental Payments, then the District hereby irrevocably pledge and transfer to the Trustee, for the benefit of the Owners, all of such right, title and interest, which shall be used for the punctual payment of the interest and principal represented by the Certificates and any Additional Certificates. These pledges shall constitute a first and exclusive lien on the funds established hereunder and the Base Rental Payments in accordance with the terms hereof subject in all events to the power of the City to cause the execution and delivery of Additional Certificates pursuant to Section 2.11 hereof which shall be on a parity with the Certificates and any Additional Certificates Outstanding.

(b) All Base Rental Payments shall be paid directly by the City to the Trustee, and if received by the District at any time shall be deposited by the District, as the case may be, with the Trustee within one Business Day after the receipt thereof. All Base Rental Payments, the proceeds of rental interruption insurance and liquidated damages, if any, shall be deposited by the Trustee in the Base Rental Payment Fund and all amounts on deposit therein shall be held in trust by the Trustee, which fund the Trustee hereby agrees to establish and maintain for the benefit of the Owners until all required Base Rental Payments are paid in full pursuant to the Facility Lease

or until such date as the Certificates and any Additional Certificates are no longer Outstanding; provided, however, and notwithstanding the foregoing, if the Trustee receives a Base Rental Payment amount in excess of the amount necessary to pay the amount due and owing on the next Interest Payment Date, Principal Payment Date or Mandatory Sinking Account Payment Date, as the case may be, after giving effect to the funds then on deposit in the Base Rental Payment Fund not needed for any other purpose hereunder, and if the amount then in the Certificate Reserve Fund is at least equal to the Certificate Reserve Fund Requirement and there exists no Event of Default hereunder, then amounts in the Base Rental Payment Fund not needed to make such payments may be utilized by the Trustee, as directed in writing by the City, to make any regular periodic payment due to provider of a Reserve Fund Credit Facility or a Certificate Reserve Fund investment which provides for such payments.

SECTION 5.02. Deposit of Base Rental Payments. Except as otherwise provided in this Section, the Trustee shall deposit the amounts in the Base Rental Payment Fund at the time and in the priority and manner hereinafter provided in the following respective funds, each of which the Trustee hereby agrees to establish and maintain until all required Base Rental Payments are paid in full pursuant to the Facility Lease or until such date as the Certificates and any Additional Certificates are no longer Outstanding, and the moneys in each of such funds shall be disbursed only for the purposes and uses hereinafter authorized.

(a) Interest Fund. The Trustee, on each Interest Payment Date, shall deposit in the Interest Fund a sufficient amount of money such that the aggregate of amounts therein equal the portion of the Base Rental Payments designated as the interest component coming due on such Interest Payment Date. Monies in the Interest Fund shall be used and withdrawn by the Trustee for the purpose of paying the interest represented by the Certificates and any Additional Certificates when due and payable.

(b) Principal Fund. The Trustee, on each Principal Payment Date and Mandatory Sinking Account Payment Date, shall deposit in the Principal Fund a sufficient amount of money such that the aggregate of amounts therein equal the portion of the Base Rental Payments designated as the principal component coming due on such Principal Payment Date or Mandatory Sinking Account Payment Date. Monies in the Principal Fund shall be used and withdrawn by the Trustee for the purpose of paying the principal represented by the Certificates and any Additional Certificates when due and payable at maturity or upon earlier prepayment from Mandatory Sinking Account Payments.

(c) Prepayment Fund. The Trustee, on the prepayment date specified in the Written Request of the City filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Facility Lease, shall deposit in the Prepayment Fund that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Monies in the Prepayment Fund shall be used and withdrawn by the Trustee for the purpose of paying the principal, premium, if any, and interest represented by the Certificates and any Additional Certificates to be prepaid.

SECTION 5.03. Application of Insurance Proceeds and Condemnation Awards.

The Trustee shall apply all moneys which may become due and payable under any insurance policies obtained pursuant to Section 6.03 of the Facility Lease as provided in Section 7.01 of the Facility Lease. The Trustee shall not be responsible for the sufficiency of any insurance required by the Facility Lease and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the City or the District.

Delivery to the Trustee of the schedule of insurance policies under the Facility Lease shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of such policies. The Trustee may request, in writing, that the City deliver to the Trustee certificates or duplicate originals or certified copies of each insurance policy described in the schedule required to be delivered by the City to the Trustee pursuant to Section 6.03 of the Facility Lease.

Except as hereinafter provided, in the event of any damage to or destruction of any part of the Leased Property, caused by the perils covered by the policies of insurance required to be maintained by the City pursuant to Section 6.03 of the Facility Lease, the City and the District shall cause the proceeds of such insurance (other than rental interruption insurance which is to be placed in the Base Rental Payment Fund) to be used as provided in Section 7.01 of the Facility Lease.

SECTION 5.04. Title Insurance. Proceeds of any policy of title insurance received by the City in respect of the Leased Property shall be applied and disbursed by the City as follows:

(a) If the City determines that the title defect giving rise to such proceeds has not materially affected the operation of the Leased Property, then the City shall transfer such proceeds to the Trustee for deposit first in the Construction Fund until such time as the Certificate of Completion is delivered to the Trustee, then in the Certificate Reserve Fund to the extent that the amount therein is less than the Certificate Reserve Fund Requirement, then to the City and used for any lawful purpose thereof; or

(b) If the City determines that the title defect giving rise to such proceeds has materially affected the operation of the Leased Property, then the City shall immediately transfer such proceeds to the Trustee for deposit in the Prepayment Fund and such proceeds shall be applied to the prepayment of Certificates and Additional Certificates in the manner provided in Section 4.01(a) hereof.

SECTION 5.05. Investments. Any moneys held by the Trustee in the funds and accounts established hereunder shall be invested by the Trustee upon the Written Request of the City only in Permitted Investments. In the absence of such direction, moneys shall be invested by the Trustee solely in Permitted Investments set forth in clause (9) of the definition thereof. The Trustee shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with this Section. The Trustee may

sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment of the funds so invested, and the Trustee shall not be liable or responsible for any losses resulting from any such investment sold or presented for redemption. Any interest or profits on such investments shall be deposited first in the Construction Fund until such time as the Certificate of Completion is delivered to the Trustee, then in the Certificate Reserve Fund to the extent that the amount on deposit therein is less than the Certificate Reserve Fund Requirement, then in the Principal Fund. For purposes of determining the amount on deposit in any fund or account hereunder, all investments shall be valued annually at the amortized cost thereof (exclusive of accrued but unpaid interest, but inclusive of commissions).

ARTICLE VI COVENANTS

SECTION 6.01. Compliance with Trust Agreement. The Trustee will not execute or deliver any Certificates or Additional Certificates in any manner other than in accordance with the provisions hereof, and neither of the City or the District will suffer or permit any default by them to occur hereunder, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms hereof required to be complied with, kept, observed and performed by them.

SECTION 6.02. Compliance with Facility Lease. The City and the District will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Facility Lease required to be complied with, kept, observed and performed by them and, together with the Trustee, will enforce the Facility Lease against the other party thereto in accordance with their respective terms.

SECTION 6.03. Observance of Laws and Regulations. The Trustee, the City and the District will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

SECTION 6.04. Other Liens. The City will keep the Leased Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, other than Permitted Encumbrances and free from any claim or liability which materially impairs the City in conducting its business or utilizing the Leased Property, and the Trustee at its option (after first giving the City ten days' written notice to comply therewith and failure of the City to take any necessary

steps to defend against or to so comply within such ten-day period) may defend against any and all actions or proceedings in which the validity hereof is or might be questioned, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the City from liability for or on account of any of its agreements and covenants contained herein, or from its liability hereunder to defend the validity hereof and to perform such agreements and covenants. The Trustee shall have no liability with respect to any determination made in good faith to proceed or decline to defend, pay or compromise any such claim or demand.

So long as any Certificates or Additional Certificates are Outstanding, neither the City nor the District will create or suffer to be created any pledge of or lien on the Base Rental Payments other than as provided or permitted under Section 5.01 hereof.

SECTION 6.05. Prosecution and Defense of Suits. The City will promptly take such action from time to time as may be necessary or proper, in its reasonable discretion, to remedy or cure any known cloud upon or defect in the title to the Leased Property or any portion thereof, whether now existing or hereafter developing, and will prosecute all actions, suits or other proceedings as may be appropriate for such purpose.

SECTION 6.06. Accounting Records and Statements. The Trustee will keep proper accounting records in which complete and correct entries shall be made of all transactions made by it relating to the receipt, deposit and disbursement of the Base Rental Payments, and such accounting records shall be available for inspection by the City or the District at reasonable hours, under reasonable conditions and with reasonable notice. The Trustee will, upon written request, make copies of the foregoing available to any Owner of at least five percent in aggregate principal amount of Outstanding Certificates and Additional Certificates or his agent duly authorized in writing. The Trustee shall deliver a monthly accounting to the City; provided that the Trustee shall not be obligated to report as to any fund or account that (a) has a balance of zero and (b) has not had any activity since the last reporting date.

SECTION 6.07. Recordation and Filing. The District will file, record, register, renew, refile and rerecord all such documents, including financing statements (or continuation statements in connection therewith), as may be required by law in order to maintain the Facility Lease, Assignment Agreement and this Trust Agreement at all times as a security interest in the Base Rental Payments, all in such manner, at such times and in such places as may be required and to the extent permitted by law in order to perfect, preserve and protect fully the security of the Owners and the rights and security interests of the Trustee, and the District will do whatever else may be necessary or be reasonably required in order to perfect and continue the lien of the Facility Lease, Assignment Agreement and this Trust Agreement.

SECTION 6.08. Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the City and the District will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments

and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them hereby or by the Assignment Agreement or Facility Lease.

SECTION 6.09. Rebate Fund; Tax Covenants. (a) In addition to the other funds and accounts created pursuant hereto, the City shall establish and maintain a fund separate from any other fund or account established and maintained hereunder designated the "Certificates of Participation (San Diego Convention Center Expansion) Rebate Fund" (the "Rebate Fund"). There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the City in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Certificates and the Additional Certificates pursuant to Article X hereof or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section 6.09 and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall have no duty or obligation to monitor the compliance by the City with the requirements of the Tax Certificate.

(b) Any funds remaining in the Rebate Fund after payment in full of all of the Certificates and any Additional Certificates and after payment of any amounts described in this Section 6.09, shall be withdrawn by the City to be used for any lawful purpose.

SECTION 6.10. Continuing Disclosure. The City and the Trustee hereby covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Trust Agreement, failure of the City or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and shall, at the request of the Purchaser or the Owners of at least 25% aggregate principal amount of Outstanding Certificates after providing the Trustee security and indemnification satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby) or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or the Trustee, as the case may be, to comply with its obligations under this Section 6.10.

ARTICLE VII
DEFAULT AND LIMITATIONS OF LIABILITY

SECTION 7.01. Events of Default. The following events shall be Events of Default:

(a) default in the due and punctual payment of the principal of or premium, if any, on any Certificate or Additional Certificate when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for prepayment, by declaration or otherwise;

(b) default in the due and punctual payment of any installment of interest on any Certificate or Additional Certificate when and as such interest installment shall become due and payable;

(c) default by the City in the observance of any of the covenants, agreements or conditions on its part in this Trust Agreement contained, if such default shall have continued for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the City and the District by the Trustee, or to the City, the District and the Trustee by the Owners of not less than 25% in aggregate principal amount of the Certificates and Additional Certificates at the time Outstanding; provided, however, that if such default can be remedied but not within such 30-day period and if the City has taken all action reasonably possible to remedy such default within such 30-day period, such default shall not become an Event of Default for so long as the City shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time reasonably established by the Trustee; or

(d) an event of default shall have occurred and be continuing under the Facility Lease.

SECTION 7.02. Action on Default. In each and every case during the continuance of an Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount represented by the Certificates and any Additional Certificates at the time Outstanding (subject to the provisions of Section 7.11 hereof) shall be entitled, upon notice in writing to the City and the District to exercise any of the remedies granted to the District under the Facility Lease, and in addition, to take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by this Trust Agreement or by the Certificates and any Additional Certificates, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in Section 7.03(a), (b) or (c) hereof.

SECTION 7.03. Other Remedies of the Trustee. The Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City, the District or any director, officer or employee thereof, and to compel the City or the District or any such director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any default hereunder to require the City and the District to account as the trustee of an express trust.

SECTION 7.04. Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this Article may be enforced and exercised from time to time and as often the Trustee shall deem expedient.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner or Owners, then subject to any adverse determination, the Trustee or such Owner or Owners and the City and the District shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 7.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 7.06. No Liability by the District or the City to the Owners. Except as expressly provided herein, the District shall have no obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of the other agreements and covenants required to be performed by it contained in the Facility Lease or herein, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

SECTION 7.07. No Liability by the City to the Owners. Except for the payment when due of the Base Rental Payments and the performance of the other agreements and covenants required to be performed by it contained in the Facility Lease or herein, the City shall not have any obligation or liability to the Owners with respect to the Trust Agreement or the preparation, execution, delivery or transfer of the Certificates or the disbursement of the Base Rental Payments by the Trustee to the Owners, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained herein.

SECTION 7.08. No Liability by the Trustee to the Owners. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City or the District of the other agreements and covenants required to be performed by them, respectively contained in the Facility Lease or in this Trust Agreement.

SECTION 7.09. Application of Amounts After Default. Notwithstanding anything to the contrary contained herein, after a default by the City, all funds and accounts held by the Trustee and all payments received by the Trustee with respect to the rental of the Leased Property after a default by the City pursuant to Section 10.01 of the Facility Lease, and all damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under such Section 10.01 of the Facility Lease, shall be deposited into the Base Rental Payment Fund and as soon as practicable thereafter applied:

(a) to the payment of all amounts due the Trustee under Section 8.03 hereof;
and

(b) to the payment of all amounts then due as interest with respect to the Certificates and any Additional Certificates, and thereafter to the payment of all amounts due as principal with respect to the Certificates and any Additional Certificates, in respect of which or for the benefit of which, money has been collected (other than Certificates and any Additional Certificates which have matured or otherwise become payable prior to such Event of Default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts due and payable with respect to such Certificates and Additional Certificates.

SECTION 7.10. Trustee May Enforce Claims Without Possession of Certificates. All rights of action and claims under this Trust Agreement or the Certificates and any Additional Certificates may be prosecuted and enforced by the Trustee without the possession of any of the Certificates or Additional Certificates or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners of the Certificates or Additional Certificates in respect of which such judgment has been recovered.

SECTION 7.11. Limitation on Suits. No Owner of any Certificate or Additional Certificate shall have any right to institute any proceeding, judicial or otherwise, with respect to this Trust Agreement, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless such Owner has previously given written notice to the Trustee of a continuing Event of Default; the Owners of not less than 25% in principal amount of the Outstanding Certificates and Additional Certificates shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder; such Owner or Owners have afforded to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceedings; and no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority in principal amount of the Outstanding Certificates and Additional Certificates; it being understood and intended that no one or more Owners of Certificates and Additional Certificates shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Trust Agreement to affect, disturb or prejudice the rights of any other Owner of Certificates or Additional Certificates, or to obtain or seek to obtain priority or preference over any other Owner or to enforce any right under this Trust Agreement, except in the manner herein provided and for the equal and ratable benefit of all the Owners of Certificates and Additional Certificates. Nothing in this Trust Agreement contained shall, however, affect or impair the right of any Owner to enforce the payment of the principal component of or the prepayment price of and the interest component of the Base Rental Payments represented by any Certificate or Additional Certificate at and after the maturity or earlier prepayment.

ARTICLE VIII THE TRUSTEE

SECTION 8.01. Employment of the Trustee. The City and the District hereby appoint and employ the Trustee to receive, deposit and disburse the Rental Payments, to prepare, execute, deliver and transfer the Certificates and Additional Certificates and to perform the other functions contained herein; all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering the Trust Agreement, the Trustee accepts the appointment and employment hereinabove referred to and accepts the rights and obligations of the Trustee provided herein, subject to the conditions and terms hereof. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement, and no implied covenants or obligations shall be read into this Trust Agreement against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

SECTION 8.02. Duties, Removal and Resignation of the Trustee. The City and the District may, by an instrument in writing remove the Trustee initially a party hereto and any

successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party hereto and any successor thereto if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority in aggregate principal amount represented by the Certificates and Additional Certificates at the time Outstanding (or their attorneys duly authorized in writing) or the Insurer and shall appoint a successor Trustee, with the prior written approval of the Insurer, but any such successor Trustee shall be a bank with trust powers or trust company doing business and having a principal corporate trust office in California or New York, having (or if such bank or trust company is a member of a bank holding company system, its bank holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000) and subject to supervision or examination by federal or state authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the City, the District and the Insurer and by mailing notice, first class, postage prepaid, of such resignation to the Owners at their addresses appearing on the books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof. Upon receiving such notice of resignation, the City and the District shall, with the prior written approval of the Insurer, promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the City and the District do not appoint a successor Trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may, at the expense of the City, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

SECTION 8.03. Compensation and Indemnification of the Trustee. The City shall from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered hereunder and reimburse the Trustee for all its advances and expenditures hereunder, including but not limited to payments due any provider of a Reserve Fund Credit Facility or Certificate Reserve Fund investment which provides for such payments, advances to and fees and expenses of accountants, agents, appraisers, consultants or other experts, and counsel not directly employed by the Trustee but an attorney or firm of attorneys retained by the Trustee, employed by it in the exercise and performance of its rights and obligations hereunder; provided, however, that the Trustee shall not have any lien for such compensation or reimbursement against any moneys held by it in any of the funds established hereunder or under the Facility Lease (except that such compensation or reimbursement may be made from the Cost of Issuance Fund to the extent provided in Section 3.06 hereof or from the Certificate Fund to the extent provided for in Section 3.03 hereof or as provided in Section 7.09 hereof). The Trustee may take whatever legal actions are lawfully available to it directly against the City or the District. The rights of the Trustee hereunder are in addition to the rights granted to the Trustee pursuant to Section 9.03 of the Facility Lease.

Except as otherwise expressly provided herein, no provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers hereunder.

The City covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs of expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. Such indemnity shall survive the discharge of this Trust Agreement or the resignation or removal of the Trustee.

SECTION 8.04. Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, opinion, notice, request, requisition, resolution, direction, instruction, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or Additional Certificate or to take any action at the request of any such person unless such Certificate or Additional Certificate shall be deposited with the Trustee or satisfactory evidence of the ownership of such Certificate or Additional Certificate shall be furnished to the Trustee. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request or direction of any of the Owners of the Certificates or Additional Certificates pursuant to this Trust Agreement, unless such Owners shall have offered to the Trustee security or indemnity reasonably satisfactory to the Trustee, against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The Trustee may consult with counsel, who may be counsel to the City or the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith. If requested by the City, counsel to the Trustee shall be of recognized national standing in the field of law relating to municipal bonds.

The Trustee shall not be responsible for the sufficiency or adequacy of the Certificates or any Additional Certificates, the Facility Lease, or of the assignment made to it by the Assignment Agreement, or for statements made in the preliminary or final official statement relating to the Certificates or any Additional Certificates, or of the title to or value of the Leased Property.

The Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default hereunder or an Event of Default under Section 7.01 hereof, except

failure of any of the payments to be made to the Trustee required to be made hereunder unless the Trustee shall be specifically notified in writing of such default or Event of Default by the City, the District or by the Owners of not less than 25% in aggregate principal amount represented by the Certificates and Additional Certificates then Outstanding.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the City, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Certificates and Additional Certificates and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the City or the District, and may act as agent, depositary or trustee for any committee or body of Owners or of owners of obligations of the District or the City as freely as if it were not the Trustee hereunder.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform any rights and obligations required of it hereunder by or through agents, attorneys or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its rights and obligations hereunder, and the Trustee shall not be answerable for the default or misconduct of any such agent, attorney or receiver selected by it with reasonable care. The Trustee shall not be liable for any error of judgment made by it in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be answerable for the exercise of any trusts or powers hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful misconduct or negligence.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than a majority (or other percentage provided for herein) in aggregate principal amount of the Certificates at the time Outstanding relating to the exercise of any right or remedy available to the Trustee hereunder.

The Trustee makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Leased Property or the Project. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the

Facility Lease or this Trust Agreement for the existence, furnishing or use of the Leased Property or the Project.

Every provision of this Trust Agreement, the Facility Lease and the Assignment Agreement relating to the conduct or liability of the Trustee shall be subject to the provisions of this Trust Agreement, including without limitation, this Article VIII.

In acting as Trustee hereunder, the Trustee acts solely in its capacity as Trustee for the Owners and not in its individual or personal capacity, and all persons, including without limitation, the Owners, the City and the District, having any claim against the Trustee shall look only to the funds and accounts held by the Trustee hereunder for payment, except as otherwise specifically provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates.

The recitals of facts, covenants and agreements herein and in the Certificates shall be taken as statements, covenants and agreements of the City or the District, as the case may be, and the Trustee assumes no responsibility for the correctness of the same.

ARTICLE IX AMENDMENT OF OR SUPPLEMENT TO TRUST AGREEMENT

SECTION 9.01. Amendment or Supplement. The Trust Agreement and the rights and obligations of the City, the District, the Owners and the Trustee hereunder may be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Certificates and Additional Certificates then Outstanding, exclusive of Certificates and Additional Certificates disqualified as provided in Section 9.02 hereof, are filed with the Trustee. No such amendment or supplement shall (1) extend the Principal Payment Date of any Certificate or Additional Certificate or reduce the rate of interest represented thereby or extend the time of payment of such interest or reduce the amount of principal represented thereby or reduce the amount of any Mandatory Sinking Account Payment without the prior written consent of the Owner of each Certificate and Additional Certificate so affected, or (2) reduce the percentage of Owners whose consent is required for the execution of any amendment hereof or supplement hereto without the prior written consent of the Owners of all Certificates or Additional Certificates then Outstanding, or (3) modify any of the rights or obligations of the Trustee without its prior written consent thereto, or (4) amend this Section 9.01 without the prior written consent of the Owners of all Certificates or Additional Certificates then Outstanding.

The Trust Agreement and the rights and obligations of the City, the District, the Owners and the Trustee hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution, but without the written consents of any Owners, but only to the extent permitted by law and after receipt of

an unqualified approving Opinion of Counsel and only for any one or more of the following purposes:

(a) to add to the agreements, conditions, covenants and terms required to be observed or performed herein by the City or the District, or to surrender any right or power reserved herein to or conferred herein on the City or the District, and which in either case shall not materially adversely affect the interests of the Owners; or

(b) to provide for additional or substitute Leased Property as may be requested from time to time by the City in accordance with the Facility Lease; or

(c) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the City or the District may deem desirable or necessary and not inconsistent herewith, and which shall not materially adversely affect the interests of the Owners; or

(d) to provide for the execution and delivery of Additional Certificates in accordance with Sections 2.11 and 2.12 hereof; or

(e) for any other reason, provided such amendment or supplement does not materially adversely affect the interests of the Owners, provided further that the City, the District and the Trustee may rely in entering into any such amendment or supplement upon an Opinion of Counsel stating that the requirements of this subsection (e) have been met with respect to such amendment or supplement.

SECTION 9.02. Disqualified Certificates. Certificates and Additional Certificates owned or held by or for the account of the City (but excluding Certificates and Additional Certificates held in any pension or retirement fund of the City) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates and Additional Certificates provided in this Article, and shall not be entitled to consent to or take any other action provided in this Article, and the Trustee may adopt appropriate regulations to require each Owner, before his consent provided for herein shall be deemed effective, to reveal if the Certificates and Additional Certificates as to which such consent is given are disqualified as provided in this Section.

SECTION 9.03. Endorsement or Replacement of Certificates After Amendment or Supplement. After the effective date of any action taken as hereinabove provided in this Article IX, the Trustee may determine that the Certificates and Additional Certificates may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Owner of any Outstanding Certificate or Additional Certificate and presentation of such Certificate or Additional Certificate for such purpose at the Principal Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Certificate or Additional Certificate. If the Trustee shall receive an Opinion of Counsel advising that new Certificates or

Additional Certificates modified to conform to such action are necessary, modified Certificates or Additional Certificates shall be prepared, and in that case upon demand of the Owner of any Outstanding Certificates or Additional Certificates such new Certificates or Additional Certificates shall be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to each Owner for Certificates or Additional Certificates then Outstanding upon surrender of such Outstanding Certificates or Additional Certificates.

SECTION 9.04. Amendment by Mutual Consent. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Certificates or Additional Certificates owned by him, provided that due notation thereof is made on such Certificates or Additional Certificates.

SECTION 9.05. Opinion of Counsel. In executing any amendment or supplement hereto, the Trustee may conclusively rely upon an Opinion of Counsel to the effect that all conditions precedent for the execution of an amendment or supplement to this Trust Agreement have been satisfied.

ARTICLE X DEFEASANCE

SECTION 10.01. Discharge of Certificates and Trust Agreement. (a) If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Certificates and Additional Certificates the interest and principal represented thereby at the times and in the manner stipulated herein and therein, then such Owners shall cease to be entitled to the pledge of and lien on the Base Rental Payments as provided herein, and all agreements and covenants of the City, the District and the Trustee to such Owners hereunder shall thereupon cease, terminate and become void and shall be discharged and satisfied.

(b) Any Outstanding Certificates or Additional Certificates shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section 10.01 if (i) in case said Certificates or Additional Certificates are to be prepaid on any date prior to their maturity, the City shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, in accordance with the provisions of Article IV of this Trust Agreement, notice of prepayment of such Certificates or Additional Certificates on said prepayment date, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities which are not callable or subject to prepayment prior to their respective maturity dates, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient (as verified by a report of an independent certified public accountant or other independent financial consultant), to pay when due the principal or prepayment price (if applicable) of, and interest due and to become due on, said Certificates or Additional Certificates on and prior to the prepayment date or maturity date thereof, as the case may be, and (iii) in the event any of said Certificates or

Additional Certificates are not to be prepaid within the next succeeding 60 days, the City shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable in the same manner as a notice of prepayment is mailed pursuant to Article IV of this Trust Agreement, a notice to the Owners of such Certificates or Additional Certificates and to the securities depositories and information services specified in clauses (b) and (c) of Section 4.03 hereof that the deposit required by (ii) above has been made with the Trustee and that said Certificates or Additional Certificates are deemed to have been paid in accordance with this Section 10.01(b) and stating such maturity or prepayment dates upon which moneys are to be available for the payment of the principal or prepayment price (if applicable) of said Certificates or Additional Certificates. Neither the securities nor moneys deposited with the Trustee pursuant to this Section 10.01(b) nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or prepayment price (if applicable) of, and interest on said Certificates or Additional Certificates; provided that Defeasance Securities deposited with the Trustee pursuant to this Section 10.01(b) may be sold upon the written request of the City and the proceeds concurrently reinvested in other Defeasance Securities which satisfy the conditions of (ii) above provided that the Trustee receives an Opinion of Counsel to the effect that such sale and reinvestment does not adversely affect the exclusion of interest on the Certificates and Additional Certificates from federal income taxes, and provided further that any cash received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, and at the direction of the City, be reinvested in Defeasance Securities maturing at times and in amounts, together with the other moneys and payments with respect to securities then held by the Trustee pursuant to this Section, sufficient to pay when due the principal or prepayment price (if applicable) of, and interest to become due with respect to said Certificates or Additional Certificates on and prior to such prepayment date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, upon receipt by the Trustee of a Written Request of the City, be paid over to the City, as received by the Trustee, free and clear of any trust, lien or pledge. Nothing in this Section 10.01(b) shall preclude prepayments pursuant to Section 4.01 hereof.

Any release under this Section 10.01(b) shall be without prejudice to the right of the Trustee to be paid reasonable compensation for all services rendered by it under this Trust Agreement and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of trusts by this Trust Agreement created and the performance of its powers and duties under this Trust Agreement; provided however, that the Trustee shall have no right, title or interest in, or lien on, any moneys or securities deposited pursuant to this Article X.

(c) After the payment or deemed payment of all the interest and principal represented by all Outstanding Certificates and Additional Certificates as provided in this Section, the Trustee shall execute and deliver to the District and the City all such instruments as may be necessary or desirable to evidence the discharge and satisfaction of the Trust Agreement, and the Trustee shall pay over or deliver to the City all moneys or securities held by it pursuant hereto which are not required for the payment of the interest and principal represented by such

Certificates and Additional Certificates. Notwithstanding the discharge and satisfaction of this Trust Agreement, Owners of Certificates and Additional Certificates shall thereafter be entitled to payments due under the Certificates and Additional Certificates pursuant to the Facility Lease, but only from amounts deposited pursuant to Section 10.01(a) hereof and from no other source.

SECTION 10.02. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of the interest or principal represented by any of the Certificates or Additional Certificates which remain unclaimed for two years after the date when the payments represented by such Certificates or Additional Certificates have become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when the interest and principal represented by such Certificates or Additional Certificates have become payable, shall at the Written Request of the City be repaid by the Trustee to the City as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of the interest and principal represented by such Certificates or Additional Certificates; provided, however, that before being required to make any such payment to the City, the Trustee shall mail a notice to the Owner that such unclaimed funds shall be returned to the City within 30 days.

ARTICLE XI MUNICIPAL BOND INSURANCE POLICY

SECTION 11.01. Payments from Municipal Bond Insurance Policy. Payment of the principal and interest with respect to the Certificates shall be insured by the Municipal Bond Insurance Policy provided by the Insurer. So long as the Municipal Bond Insurance Policy is in full force and effect and the Insurer is not in default thereunder, the City and the Trustee agree to comply with the following provisions by which the Insurer will pay any principal or interest payment due and payable with respect to the Certificates but for which there are insufficient funds for the payment thereof:

(a) At least one day prior to all Interest Payment Dates, the Trustee will determine whether there will be sufficient funds in the funds and accounts maintained by it hereunder to pay the principal or interest with respect to the Certificates on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in such funds or accounts, the Trustee shall so notify the Insurer. Such notice shall specify the amount of the anticipated deficiency, the Certificates to which such deficiency is applicable and whether such deficiency will be as to principal or interest, or both. If the Trustee has not so notified the Insurer at least one day prior to an Interest Payment Date, the Insurer will make payments of principal or interest with respect to the Certificates on or before the first day next following the date on which the Insurer shall have received notice of nonpayment from the Trustee.

(b) The Trustee shall, after giving notice to the Insurer as provided in (a) above, make available to the Insurer and, at the Insurer's direction, to the **[United States Trust Company**

of New York], as insurance trustee for the Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books for the Certificates maintained by the Trustee and all records relating to the funds and accounts maintained by the Trustee under this Trust Agreement.

(c) The Trustee shall provide the Insurer and the Insurance Trustee with a list of the Owners of the Certificates entitled to receive principal or interest payments from the Insurer under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Owners of the Certificates entitled to receive full or partial interest payments from the Insurer and (ii) to pay principal represented by the Certificates surrendered to the Insurance Trustee by the Owners of the Certificates entitled to receive full or partial principal payments from the Insurer.

(d) The Trustee shall, at the time it provides notice to the Insurer pursuant to (a) above, notify Owners of the Certificates entitled to receive the payment of principal or interest with respect to the Certificates from the Insurer (i) as to the fact of such entitlement, (ii) that the Insurer will remit to them all or part of the interest payments next coming due upon proof of entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of such Owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Insurer, they must surrender their Certificates (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Certificates to be registered in the name of the Insurer) for payment to the Insurance Trustee, and not the Trustee, and (iv) that should they be entitled to receive partial payment of principal from the Insurer, they must surrender their Certificates for payment thereon first to the Trustee who shall note on such Certificates the portion of the principal paid by the Trustee, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee has notice that any payment of principal or interest with respect to the Certificates which has become Due For Payment (as defined in the Municipal Bond Insurance Policy) and which is made to such Owner by or on behalf of the City has been deemed a preferential transfer and theretofore recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall notify the Insurer and, at the time the Insurer is notified, notify all Owners of the Certificates that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from the Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Insurer its records evidencing the payments of principal and interest with respect to the Certificates which have been made by the Trustee and subsequently recovered from such Owner and the dates on which such payments were made.

(f) In addition to those rights granted the Insurer under this Trust Agreement, the Insurer shall, to the extent it makes payment of principal or interest with respect to the Certificates, become subrogated to the rights of the recipients of such payments in accordance with

the terms of the Municipal Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Insurer's rights as subrogee on the registration books for the Certificates maintained by the Trustee upon receipt from the Insurer of proof of the payment of interest thereon to the Owners of the Certificates, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Insurer's rights as subrogee on the registration books for the Certificates maintained by the Trustee upon surrender of the Certificates by the Owners thereof, together with proof of the payment of principal thereof.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due with respect to the Certificates shall be paid by the Insurer pursuant to the Municipal Bond Insurance Policy, such Certificates shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the assignment and pledge of the Base Rental Payment Fund and the Certificate Reserve Fund and all covenants, agreements and other obligations of the City to the Owners of the Certificates shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such Owners.

SECTION 11.02. Consent of Insurer. So long as the Insurer is not in default under the Municipal Bond Insurance Policy, the Insurer's consent shall be required for the following purposes: (i) execution and delivery of any amendment, modification or supplement to this Trust Agreement pursuant to Section 9.01 hereof which requires the consent of any Owners, (ii) removal of the Trustee and any successor thereto and appointment of any successor trustee, and (iii) initiation or approval of any action not described in (i) or (ii) above which requires the consent of the Owners. Notwithstanding anything to the contrary in this Trust Agreement, the rights given to the Insurer hereunder to give consents, directions and approvals shall not be effective so long as it is in default of its obligations under the Municipal Bond Insurance Policy.

SECTION 11.03. Exercise of Remedies Upon Default. Notwithstanding anything to the contrary in this Trust Agreement, so long as the Insurer is not in default under the Municipal Bond Insurance Policy, upon the occurrence and continuance of an Event of Default as defined herein, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under the Trust Agreement.

SECTION 11.04. Limitation on Modification. Any provision of this Trust Agreement expressly recognizing or granting rights in or to the Insurer may not be amended in a manner which affects the rights of the Insurer hereunder without the prior written consent of the Insurer.

SECTION 11.05. Notices. So long as the Insurer is not in default under the Municipal Bond Insurance Policy, the City shall furnish to the Insurer (i) written notice, at least 30 days in advance of soliciting consents of Owners, with respect to each amendment to this Trust Agreement or the Facility Lease requiring the consent of Owners, and (ii) as soon as practicable,

a copy of any notice to be given to the Owners of the Certificates, including, without limitation, notice of any redemption of or defeasance of the Certificates, and any certificate rendered pursuant to this Trust Agreement relating to the security for the Certificates.

The Trustee, so long as the Insurer is not in default under the Municipal Bond Insurance Policy, shall furnish written notice to the Insurer (i) in the event the Trustee resigns as provided under Section 8.02 hereof, (ii) if at any time there are insufficient moneys to make any payments of principal and/or interest with respect to the Certificates in the manner provided in Section 7.09 hereof and (iii) immediately upon actual knowledge of the occurrence of an Event of Default hereunder. The Trustee shall further provide to the Insurer a copy of any notice to be given to the Owners of the Certificates, including, without limitation, notice of any prepayment or defeasance of the Certificates, and any certifications rendered pursuant to this Trust Agreement relating to the security for the Certificates. The Trustee shall notify the Insurer of any failure of the City to provide notices or certificates required under the Trust Agreement. The Trustee will permit the Insurer to have access to and to make copies of all books and records relating to the Certificates at any reasonable time.

SECTION 11.06. Effect of Municipal Bond Insurance Policy. Notwithstanding any other provision of this Trust Agreement, in determining whether any actions taken pursuant to the terms and provisions of this Trust Agreement or under the Facility Lease are adverse to the interests of the Owners of the Certificates, the effect on the Owners shall be considered as if there were no Municipal Bond Insurance Policy.

SECTION 11.07. Insurer as Third Party Beneficiary. To the extent that this Trust Agreement confers upon or gives or grants to the Insurer any right, remedy or claim under or by reason of this Trust Agreement, the Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

SECTION 11.08. Consent of Insurer in the Event of Insolvency. So long as the Insurer is not in default under the Municipal Bond Insurance Policy, any reorganization or liquidation plan with respect to the City must be acceptable to the Insurer. In the event of any reorganization or liquidation, the Insurer shall have the right to vote on behalf of all Owners who hold Certificates absent a default under the Municipal Bond Insurance Policy.

ARTICLE XII MISCELLANEOUS

SECTION 12.01. Benefits of Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity other than the City, the District, the Trustee, the Insurer and the Owners, any right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this

Trust Agreement contained by and on behalf of the City or the District shall be for the sole and exclusive benefit of the City, the District, the Trustee, the Insurer and the Owners.

SECTION 12.02. Successor Deemed Included in all References to Predecessor. Whenever any of the City, the District, or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the City, the District, or the Trustee or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the City, the District, or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 12.03. Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Certificate or Additional Certificate and the amount, payment date, number and date of owning the same may be proved by the books required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof.

Any declaration, consent, request or other instrument in writing of the Owner of any Certificate or Additional Certificate shall bind all future Owners of such Certificate or Additional Certificate with respect to anything done or suffered to be done by the City, the District or the Trustee in good faith and in accordance therewith.

SECTION 12.04. Waiver of Personal Liability. Notwithstanding anything contained herein to the contrary, no member, officer, employee or agent of the City, the District or the Trustee shall be individually or personally liable for the payment of any moneys, including without limitation, the interest or principal represented by the Certificates and Additional Certificates, but nothing contained herein shall relieve any member, officer, employee or agent of the City from the performance of any official duty provided by any applicable provisions of law or by the Facility Lease or this Trust Agreement.

SECTION 12.05. Acquisition of Certificates by City. All Certificates and Additional Certificates acquired by the City, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 12.06. Content of Certificates. Every Certificate of the City with respect to compliance with any agreement, condition, covenant or term contained herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any Certificate of the City may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon information with respect to which is in the possession of the City upon a representation by an officer or officers of the City, unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 12.07. Publication for Successive Weeks. Any publication required to be made hereunder for two successive weeks in a Financial Newspaper may be made in each instance upon any Business Day of the first week and need not be made on the same Business Day of any succeeding week or in the same Financial Newspaper for any subsequent publication, but may be made on different Business Days or in different Financial Newspapers, as the case may be.

SECTION 12.08. Funds. Any fund required to be established and maintained herein by the City or the Trustee may be established and maintained in the accounting records of the City or the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Certificates and the rights of the Owners. The Trustee may establish such funds and accounts as it deems necessary to perform its obligations hereunder.

Except for moneys on deposit in the separate accounts created within the Prepayment Fund, the City and the Trustee may commingle any of the moneys held by it hereunder for investment purposes only; provided, however, that the City and the Trustee shall account separately for the moneys in each fund or account established pursuant to this Trust Agreement.

SECTION 12.09. Reserved.

SECTION 12.10. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required herein to be observed or performed by or on the part of the City, the District or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void to the extent contrary to law and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Certificates or any Additional Certificates, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The City, the District and the Trustee hereby declare that they would have executed this Trust Agreement, and each and every other Article, Section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Certificates and the Additional Certificates pursuant hereto irrespective of the fact that any one or more Articles, Sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 12.11. California Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State of California.

SECTION 12.12. Notices; Special Notices to Rating Agencies and Insurer. (a) All written notices to be given hereunder shall be given by first-class mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the City: City of San Diego
 Financial and Technical Services
 Business Center
 202 C Street
 San Diego, California 92101
 Attention: Financial and Technical Services
 Business Manager

If to the District: San Diego Unified Port District
 [Address To Come]

If to the Trustee: BNY Western Trust Company
 700 South Flower Street, 2nd Floor
 Los Angeles, California 90017
 Attention: Corporate Trust Department

If to Moody's: Moody's Investors Service
 5250 77 Center Drive, Suite 150
 Charlotte, North Carolina 28217
 Attention: Called Bonds Department

If to S&P: Standard & Poor's Ratings Services
25 Broadway
New York, New York 10004

If to the Insurer: **[TO COME]**

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answer back or other written acknowledgement or confirmation of receipt of the entire notice, approval, demand, report or other communication, (c) if given by first class or registered or certified mail, return receipt requested, deposited the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section 12.12.

(b) The City shall cause to be given to Moody's, S&P and the Insurer notice of any substitution of the Trustee, any material change in the Trust Agreement or the Facility Lease, or prepayment or defeasance of all of the Outstanding Certificates and Additional Certificates.

SECTION 12.13. Effective Date. This Trust Agreement shall become effective upon its execution and delivery.

SECTION 12.14. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Trust Agreement by their officers thereunto duly authorized as of the day and year first written above.

BNY WESTERN TRUST COMPANY,
as Trustee

By _____
Authorized Officer

CITY OF SAN DIEGO

By _____
City Manager

Attest:

City Clerk

APPROVED AS TO FORM:

CASEY GWINN
City Attorney

By _____
Deputy City Attorney

SAN DIEGO UNIFIED PORT DISTRICT

By _____
Authorized Officer

Attest:

Secretary

EXHIBIT A

[FORM OF CERTIFICATE OF PARTICIPATION]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

No. _____

\$ _____

CERTIFICATES OF PARTICIPATION
(SAN DIEGO CONVENTION CENTER EXPANSION)
SERIES 1998A

Evidencing and Representing a Proportionate
Undivided Interest of the Owner Hereof
In Base Rental Payments to be Made
by the

CITY OF SAN DIEGO, CALIFORNIA

to

SAN DIEGO UNIFIED PORT DISTRICT

Under and Pursuant to
Facility Lease dated as of January 1, 1998

<u>Interest Rate</u>	<u>Principal Payment Date</u>	<u>Dated</u>	<u>CUSIP</u>
____ %	February 15, ____	January 1, 1998	

REGISTERED OWNER: Cede & Co.

PRINCIPAL SUM:

DOLLARS

THIS IS TO CERTIFY that the registered owner identified above of this Certificate of Participation (this "Certificate") is the owner of a proportionate, undivided interest in the right to receive the Base Rental Payments under and pursuant to that certain Facility Lease executed and entered into as of January 1, 1998, by and between the San Diego Unified Port District (the

"District") a public agency and entity duly organized and existing under and by virtue of the laws of the State of California, and the City of San Diego (the "City"), a municipal corporation duly organized and existing under its charter and the Constitution and laws of the State of California (the "Facility Lease") all of which rights to receive such Base Rental Payments have been assigned without recourse by the District to BNY Western Trust Company, at its principal corporate trust office in Los Angeles, California, as trustee (the "Trustee"), acting in its capacity as such under the Trust Agreement (the "Trust Agreement") dated as of January 1, 1998, by and among the Trustee, City and the District, or any successor as therein provided. Copies of the Trust Agreement are on file at the office of the Trustee in Los Angeles, California, and reference is hereby made to the Trust Agreement and to any and all amendments thereof and supplements thereto for a description of the agreements, conditions, covenants and terms securing the Certificates, for the nature, extent and manner of enforcement of such agreements, conditions, covenants and terms, for the rights and remedies of the registered owners of the Certificates with respect thereto and for the other agreements, conditions, covenants and terms upon which the Certificates are executed and delivered thereunder. Unless the context otherwise requires, capitalized terms not defined herein shall have the meanings ascribed to them in the Trust Agreement.

This Certificate represents interest at the rate per annum specified above from the Interest Payment Date (as defined below) to which interest has been paid or duly provided for next preceding its date of execution, unless such date of execution shall be (i) prior to the close of business on February 15, 1998, in which case this Certificate shall represent interest from January 1, 1998, (ii) subsequent to a Record Date (as defined below) but before the related Interest Payment Date, in which case such Certificate shall represent interest from such Interest Payment Date or (iii) an Interest Payment Date to which interest has been paid in full or duly provided in which case such Certificate shall represent interest from such date of execution; provided, however, that if, as shown by the records of the Trustee, interest shall be in default, each Certificate shall represent interest from the last date to which interest has been paid or duly provided for or if no interest has been paid or duly provided for, from January 1, 1998. The term "Interest Payment Date" means each February 15 and August 15. The term "Record Date" means the close of business on the first day of the month in which any Interest Payment Date occurs, whether or not such day is a Business Day.

Except as otherwise provided in the Representation Letter, the interest represented by the Certificates shall be payable on each Interest Payment Date by check mailed on the Interest Payment Date by the Trustee to the respective Owners of the Certificates as of the Record Date for such Interest Payment Date at their addresses shown on the books required to be kept by the Trustee pursuant to the provisions of the Trust Agreement. Payments of defaulted interest with respect to any Certificate shall be paid by check to the Owner as of a special record date to be fixed by the Trustee, notice of which special record date shall be mailed to the Owner of the Certificate not less than ten days prior thereto.

The Owner of \$1,000,000 or more in aggregate principal amount represented by the Certificates may request in writing that the Trustee pay the interest represented by such

Certificates by wire transfer to an account in the United States of America and the Trustee shall comply with such request for all Interest Payment Dates following the fifteenth day after receipt of such request.

Interest with respect to the Certificates shall be computed on the basis of a 360-day year of twelve 30-day months. Payment shall be made on each Interest Payment Date for unpaid interest accrued to but not including such Interest Payment Date.

This Certificate is one of the duly authorized certificates of participation entitled "Certificates of Participation (San Diego Convention Center Expansion), Series 1998A." Certificates having an aggregate principal amount of \$_____ have been executed by the Trustee under and pursuant to the Trust Agreement.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended or supplemented by the parties thereto, in some instances without the consent of the registered owners of Certificates. No amendment or supplement shall (1) reduce the rate of interest evidenced and represented hereby or extend the time of payment thereof or reduce the amount of the principal evidenced and represented hereby or extend the Principal Payment Date hereof, (2) reduce the percentage of Owners whose consent is required for the execution of any amendment of or supplement to the Trust Agreement, or (3) modify any rights or obligations of the Trustee without its prior written consent thereto.

The Certificates are authorized to be executed and delivered in the form of fully registered Certificates in denominations of five thousand dollars (\$5,000) or any integral multiple thereof (each, an "Authorized Denomination").

This Certificate is transferable or exchangeable by the Owner hereof, in person or by his attorney duly authorized in writing, at the office of the Trustee in Los Angeles, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement; and upon surrender of this Certificate for cancellation, accompanied by delivery of a duly executed written instrument of transfer or exchange, a new Certificate or Certificates of Authorized Denominations of the same Principal Payment Date equal to the principal amount hereof will be executed and delivered by the Trustee to the Owner thereof in exchange or transfer herefor. The Trustee shall not be required to transfer or exchange any Certificate during any period in which it is selecting Certificates for prepayment, nor shall the Trustee be required to transfer or exchange any Certificate or portion thereof selected for prepayment from and after the date of mailing the notice of prepayment. The Trustee may treat the Owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal and prepayment premium, if any, evidenced and represented by this Certificate shall be made only to such Owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability evidenced and represented by this Certificate to the extent of the sum or sums so paid.

The Certificates are subject to prepayment on any date prior to their respective Principal Payment Dates, as a whole, or in part, from the net proceeds of any insurance or condemnation award with respect to the Leased Property or portions thereof, at a prepayment price equal to the sum of the principal amount represented thereby plus accrued interest represented thereby to the date fixed for prepayment, without premium.

The Certificates maturing on or before February 15, ____ are not subject to optional prepayment prior to their respective stated maturities. The Certificates maturing on or after February 15, ____ shall be subject to prepayment prior to their respective stated maturities at the option of the City on or after February 15, ____, as a whole, or in part (in such maturities as are designated to the Trustee by the City no later than 45 days prior to the prepayment date or, if the City fails to designate such maturities, on a proportional basis among maturities) on any date, from funds derived by the City from any source at the following prepayment prices (expressed as percentages of the principal amount of the Certificates called for prepayment), together with accrued interest represented thereby to the date fixed for prepayment:

<u>Prepayment Date</u> <u>(dates inclusive)</u>	<u>Prepayment Price</u>
February 15, ____ to February 14, ____	
February 15, ____ to February 14, ____	
February 15, ____ and thereafter	

The Certificates maturing on February 15, ____ are also subject to prepayment prior to their stated maturity, in part by lot, from Mandatory Sinking Account Payments, on any February 15 on or after February 15, ____ at the principal amount thereof and accrued interest represented thereby to the date fixed for prepayment, without premium, in accordance with the provisions of the Trust Agreement.

As provided in the Trust Agreement, notice of prepayment hereof or of any part hereof shall be mailed, first class postage prepaid, not less than 30 nor more than 60 days before the prepayment date, to the Owner of this Certificate at his or her address as it appears in the registration books maintained by the Trustee and to those securities depositories and securities information services specified in the Trust Agreement, but neither failure to receive any such notice nor any defect contained therein shall affect the validity of the proceedings for the prepayment of this Certificate. If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, the interest represented hereby shall cease to accrue.

The Certificates each evidence and represent a proportionate, undivided interest in the Base Rental Payments and enjoy the benefits of a security interest in the money held in the funds established pursuant to the Trust Agreement (other than the Rebate Fund), subject to the

provisions of the Trust Agreement permitting the disbursement thereof for or to the purposes and on the conditions and terms set forth therein.

The obligation of the City to pay Base Rental Payments does not constitute an indebtedness of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Base Rental Payments does not constitute an indebtedness of the City, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The obligation of the City to make the Base Rental Payments coming due in any particular fiscal year hereunder shall be absolutely subject in all respects to the City Council having duly budgeted and appropriated funds sufficient to pay the Base Rental Payments coming due in such fiscal year, and the City through its City Council shall have the right, to be exercised in its sole and absolute discretion, for any reason, not to budget and appropriate such funds, all as more particularly provided in the Facility Lease to which reference is hereby made.

The Trustee has no obligation or liability to the registered owners of the Certificates for the payment of the interest or principal or prepayment premiums, if any, evidenced and represented by the Certificates; but rather the Trustee's sole obligation is to administer, for the benefit of the City, the District and the registered owners of the Certificates, the various funds established under the Trust Agreement. The District has no obligation or liability whatsoever to the registered owners of the Certificates.

The Trust Agreement provides that the occurrences of certain events constitute Events of Default. Subject to certain limitations, the Trustee or the Owners of not less than a majority in aggregate principal amount represented by the Certificates at the time Outstanding shall be entitled to take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee.

IN WITNESS WHEREOF, this Certificate has been executed by the manual signature of an authorized officer of the Trustee acting pursuant to the Trust Agreement.

Date: _____

BNY WESTERN TRUST COMPANY, as Trustee

By _____
Authorized Officer

[FORM OF ASSIGNMENT]

For value received, the undersigned do(es) hereby sell, assign and transfer unto _____ the within Certificate and do(es) hereby irrevocably constitute and appoint _____ attorney to transfer such Certificate on the register of the Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee:

EXHIBIT B

FORM OF CONSTRUCTION FUND REQUISITION

To: BNY Western Trust Company, as trustee
700 South Flower Street, 2nd Floor
Los Angeles, California 90017
Attention: Corporate Trust Department

Re: Certificates of Participation
(San Diego Convention Center Expansion)
Series 1998A

Requisition No. ____

The undersigned, on behalf of the City of San Diego (the "City"), hereby requests payment, from the Construction Fund identified above for the Project identified above, the total amount shown below to the order of the payee or payees named below, as payment or reimbursement for costs incurred or expenditures made in connection with the Project, as reflected in the related invoice(s) attached hereto. The payee(s), the purpose and the amount of the disbursement requested are as follows:

<u>Payee</u> [name and address]	<u>Purpose</u>	<u>Amount</u>
------------------------------------	----------------	---------------

Total \$

The undersigned hereby certifies that each obligation mentioned herein has been properly incurred, is a proper charge against the Construction Fund and has not been the basis of any previous disbursement from the Construction Fund. A copy of the bill or statement for each obligation mentioned herein is attached hereto.

Dated: _____, 19__.

CITY OF SAN DIEGO

By: _____

City Manager